



**The 12-carat mystery**  
*'The gift proved to be two unmounted pink stones, each about the size of a thumbnail'*

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http://www.FT.com



**Swift writing**  
*'About eight or nine I wanted to be an archaeologist. Digging up mysteries'*

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# FT

## FINANCIAL TIMES

MARCH 15 / MARCH 16 1997



**FT on safari**  
*'They had to run the gauntlet of herons and egrets lining the banks for an easy feast'*

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**Golfers' nightmare**  
*'Tragedy is a word almost numb in a sporting context, but here was an authentic sporting tragedy'*

Page IX

Most Nato members cautious about military intervention in Albania

## US says Berisha should quit

By Guy Dinmore in Tirana, Bruce Clark in Brussels and Robert Graham in Brindisi

The US has lost confidence in the ability of Albanian President Sali Berisha to handle his country's deepening crisis and believes he should step down.

The tough US message was conveyed at a meeting of Nato ambassadors in Brussels yesterday, the second emergency session of the alliance on the Albanian crisis in less than 24 hours.

"He does not seem able to win the confidence of his

own population or even his own armed forces," said a US official.

The embattled Albanian president appealed on Thursday for military intervention by the European members of Nato, in a desperate attempt to halt the country's slide into anarchy.

Yesterday he denied speculation that he intended to resign. His removal has been the main demand of insurgents in the south. "I will not quit Albania under any circumstances," he told AFP, the French news agency.

European diplomats, while

agreeing on the need for a broadly based government, said that pressing for Mr Berisha's removal might do little good in the absence of any plan for a successor. He was only re-elected by parliament for a second five-year term two weeks ago.

In a desperate attempt to stay in office he has caved in to western demands for the creation of an all-party government and to hold fresh elections by the end of June. The coalition government urged soldiers and police to return to their posts, and the head of the secret

police resigned with control of the force being taken over by the government rather than by the president.

At their first meeting on Thursday night, the Nato ambassadors asked military experts to assess the risk of turmoil in Albania affecting neighbouring countries.

Italy, the Netherlands and, to a lesser extent, Greece were keen for Nato to play a role in the crisis but most of the other 13 members of the alliance were extremely cautious, diplomats said.

Western mediators, led by Mr Franz Vranitzky, the former

Austrian chancellor, yesterday met Mr Bashkim Fino, Albania's new prime minister, aboard an Italian warship in the Adriatic to discuss his plan for outside military intervention.

Mr Vranitzky, who is spearheading western efforts as mediator of the Organisation for Security and Cooperation in Europe, said he would urge the European Union and OSCE members to consider sending military support.

More than 1,000 Albanians reached the Italian port of Brindisi yesterday via ferry, helicopter, an ageing

freighter and Albanian naval gunboats from the port of Durres. The exodus continued last night as four convoys of 26 vessels were said to be on the way.

About 1,000 Americans are stranded in Albania. US operations to evacuate about 500 westerners had to be suspended after two Cobra escort helicopters were shot at, one by a shoulder-fired missile.

Additional reporting by Kevin Dons in London.

In the shadow of the gun, Page 6

## Heinz to shed 2,500 jobs in restructuring

By Richard Tomkins in New York

H. J. Heinz, the US foods company headed by Mr Tony O'Reilly, yesterday announced a restructuring which will cost 2,500 jobs in existing plants - equivalent to 6 per cent of its worldwide workforce of 43,000.

The group will take a charge of \$650m to pre-tax profits in its financial year ending April 30.

"We regret the loss of jobs, but this plan is necessary to make us more competitive in the tough global marketplace," Mr O'Reilly said.

He said the growth plan - dubbed Project Millennia - would "ensure 10-12 per cent earnings growth into the next century", with sales rising from this year's \$9.5bn to \$14bn-\$15bn. In the quarter to January 29, Heinz reported yesterday, net profits rose by 11 per cent to \$174.4m.

Describing the changes as his biggest-ever reorganisation, Heinz said it aimed to be one of the world's top food companies, maximising the potential of its big brands. These include Heinz ketchup, Farley's baby food, Weight Watchers diet products and StarKist tuna.

It said the restructuring would involve the sale of the Ore-Ida business in the US, which supplies prepackaged foods and condiments for the restaurant trade, to Canada's McCain Foods for about \$500m. It wanted to concentrate on high-margin food service products such as ketchup and condiments.

As in the rest of the developed world, the food industry in the US is extremely competitive. Heinz is the latest in a long line of US

foods companies that have announced cost-cutting measures in an attempt to increase returns to shareholders.

Although the Heinz name is well known, some food industry analysts have accused the company of failing to maximise the brand's potential by introducing new products. Much of the group's recent growth has come from acquisitions.

Yesterday, Heinz said it would close or sell at least 25 plants around the world and use the savings to upgrade or build plants in fast growing markets.

The company said \$55m of the \$650m charge would result from a reorganisation of the US Weight Watchers meetings system to make it more like the successful system in Europe, Australia and South America.

It also announced it was terminating end-of-quarter trade promotions in the US. These had been made redundant by new technology that made it easier to match production to consumer demand.

The company warned that the end of trade promotions would result in flat sales in the current quarter. But its shares were up 3/4 in early trading, reflecting optimism about the long-term effects of the reorganisation.

Heinz said its plans included a double-digit increase in European tuna sales, international expansion of pet treats, bigger ketchup sales in Germany, doubling its packaged foods sales to the restaurant trade in Europe and expanding sales in eastern Europe, India, China and Japan.

Lex, Page 24

## Lebed whips up a storm in bid for the Kremlin

By Chrystia Freeland in Moscow

In an elegant hall just across the street from the Kremlin, Mr Alexander Lebed, a man sometimes described as Russia's Napoleon, yesterday launched his formal bid to become the next occupant of the red stone fortress which has housed Moscow's rulers since the Middle Ages.

Speaking at the founding congress of his new political party, Mr Lebed, a former general ranked as Russia's most popular leader in recent surveys, told delegates that the government was disintegrating.

"What we see today is the death throes of power. It will simply collapse, like its predecessor collapsed in 1991. It is unavoidable. It will happen this year," the would-be president thum-

dered in his trademark growl.

Mr Lebed, who blazed into public life in last year's presidential elections, when he came third, warned that public discontent over months of unpaid wages and pensions threatened to boil over into civil war during nationwide protests scheduled for March 27.

With the ramrod posture that, even in a dark business suit, marks him as a military man, Mr Lebed held himself out to his supporters and to the country as the only man who could ward off the coming anarchy.

"Our main task is preventing the dead from clutching the living," he said in a thinly veiled reference to Mr Boris Yeltsin, the Russian president who has been seriously ill in recent months.

Over the past two weeks Mr Yeltsin has seemed to

stage a remarkable comeback, demonstrating some of his old lust for power.

But his younger challenger was unconvinced.

"It is not a return to politics, it is Boris Nikolaevich's swansong," Mr Lebed said in a play on his own surname, which means "swan" in Russian.

Mr Lebed was once seen as a protégé of Mr Yeltsin. The president invited the headstrong former general into his government last summer but soon sacked him for his independence.

Mr Lebed's rough political verdicts and bleak prophecies may have seemed a world away from the smartly dressed Muscovites dodging traffic on the busy thoroughfare outside.

But he has already struck a deep chord in provincial Russia, where unpaid wages and pensions have made a



Looking to hold power: Alexander Lebed at the conference of his new party yesterday

mockery of the promises of market reforms.

The reigning Russian establishment rates his appeal so highly that over the past few months he has been excluded from the corridors of power and targeted in the media.

Nonetheless, his followers, some wearing the bright

uniforms of their Cossack ancestors, were confident that the elite's disapproval would serve only to make Mr Lebed more popular.

"The more they attack him, the more the people love him," said Mrs Alexandra Zaruba, a matron known as "the mother of the Cossacks".

An army colonel agreed. "Russia has always accepted only real, born leaders - we have never had democracy, it is like a poison for us. Today, Alexander Ivanovich is already Russia's unofficial leader. Tomorrow, he will be the official leader."

Nato eases fears, Page 2

## News General

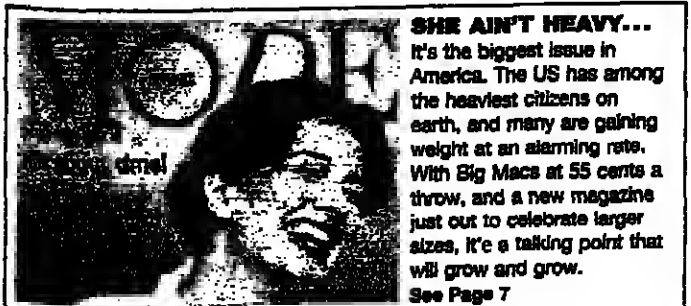
### Netanyahu stays defiant

Israeli prime minister Benjamin Netanyahu has vowed to press ahead with construction of a Jewish settlement at Har Homa in Arab east Jerusalem, in spite of mounting international pressure and fears of Palestinian violence. In a defiant mood, hardened by the killing of seven Israeli schoolgirls by a Jordanian soldier on Thursday, Mr Netanyahu said he would not bow to criticism. "I am building Har Homa... and nothing is going to stop me. If they think they can frighten us, they are mistaken," he said. Page 3

**Working out a European dilemma:** Is the euro a health risk? That's the question which has arisen over Europe's plans to introduce a single currency. Health-conscious Sweden believes it will be if nickel is used as a base for the new euro-coins. With Swedes claiming that nickel induces allergies, EU finance ministers will discuss the anti-nickel campaign at a meeting in Brussels on Monday. Page 2

**Tropical diseases can be beaten, says WHO:** Four major tropical diseases which cause permanent disability to tens of millions of people in Asia, Africa and America can be "eliminated as public health problems" within 10 years, according to a World Health Organisation report. More effective drugs and computer-based targeting of serious outbreaks will be used to combat leprosy, river blindness, Chagas disease and lymphatic filariasis. Page 8

**US industrial output** continued to rise steadily last month but with little sign of any acceleration in costs. The Federal Reserve said industrial production rose by a seasonally adjusted 0.5 per cent in February from a month earlier. In the three months to February output rose by 1.2 per cent from the preceding three months. Page 2



**SHE AIN'T HEAVY...**  
It's the biggest issue in America. The US has among the heaviest citizens on earth, and many are gaining weight at an alarming rate. With Big Macs at 55 cents a throw, and a new magazine just out to celebrate larger sizes, it's a talking point that will grow and grow. See Page 7

## News Business

### Nomura chief resigns

Nomura Securities president Hideo Sakamaki has stepped down to take responsibility for improper deals by two former managing directors involving a client with ties to a sokaiya racketeer. Sokaiya extort money for not disrupting shareholder meetings, and paying them is illegal under Japan's Commercial Code. Page 24

**\$100m bank fraud uncovered:** Crédit Lyonnais Belgium, the Belgian subsidiary of France's largest bank, said it had uncovered a BF8.5bn (\$100m) fraud allegedly committed by an employee with links to international "fraudsters". The fraud is one of the largest suffered by a Belgian bank. Page 24

**UK stocks rally as Wall Street recovers:** London's healthy glow at the close yesterday was in sharp contrast with the opening when dealers braced themselves for a day of attrition after the Dow's 160-point plunge overnight. But London took its cue from Wall Street and spurred forward as US producer price data came in well below consensus forecasts. The FTSE 100 index finished 26.8 higher at 4,424.5, wiping out an initial 46.7 decline. Over the week, the Footsie rose 4 points. Page 20

**Telefónica fears on telecoms move:** Officials at Telefónica, the national operator, expressed fears over the Spanish government's plans to make the domestic telecom sector competitive. The group's profitability may be undermined soon after its privatisation. Page 28

## Man in the news

#### Gil Amelio

The chairman and chief executive of Apple Computer, is known at the company as "the doctor" and he is having to administer strong medicine to a company whose sales dropped from \$11.1bn to \$8.8bn. Cast in the role of a corporate healer, he yesterday prescribed a drastic downsizing with heavy job losses.

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Albania L100.00	Australia S100.00	Belgium B100.00
Bermuda \$100.00	Canada C100.00	Chile \$100.00
Czech Rep 100.00	Denmark D100.00	France F100.00
Germany D100.00	Italy I100.00	Japan Y100.00
South Africa R100.00	Spain P100.00	Sweden S100.00
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## NEWS: INTERNATIONAL

## Nato seeks to ease Russian fears on expansion



Boris Yeltsin: Insisted Nato should not attempt to admit former Soviet states

By Bruce Clark in Brussels and John Thornhill in Moscow

Nato last night promised that it would not deploy western troops in substantial numbers on the soil of new members of the alliance for the foreseeable future. The pledge from the 16-member alliance was part of an effort to reassure Russia that its interests would not be threatened by enlargement, due to be launched at a summit in July.

In a statement ambassadors said that "in the cur-

rent and foreseeable security environment" they would use improved communications and infrastructure, as opposed to fresh troop deployment, to boost security of new members. Diplomats said the statement would create a favourable atmosphere for talks which Mr Yevgeny Primakov, Russian foreign minister, will hold in Washington at the weekend, ahead of next week's US-Russian summit.

Russia and Nato have made much progress in sorting out their relationship, boosting chances of a formal

deal before July's enlargement summit in Madrid. Senior western diplomats said although some issues remained unresolved, there were good prospects for a firm understanding at next week's summit in Helsinki. "Serious negotiations are going on about a long-term relationship between Russia and Nato, as part of a new security architecture in which Russia has its proper place," said Mr Gerard. Erreera, French envoy to the alliance.

In Moscow, Mr Boris Yeltsin, Russian president, also

struck a conciliatory note. "In a recent telephone conversation, [US president] Clinton made clear the US is interested in compromise and so am I. We are for a compromise that would not abuse the security interests of the Russian federation," he said.

A text offered to the Russian government by Mr Javier Solana, Nato secretary-general, last Sunday appeared to be a promising basis for a broad Russia-Nato accord, diplomats said. The text lays down principles for Russia-Nato rela-

tions, topics for consultation - such as peacekeeping and arms control - and provides for a Russia-Nato council that would meet often and have a permanent secretariat. Mr Yeltsin said one "cease-fire condition" for Russia was that Nato should not attempt to admit members from the former Soviet Union. His remarks appeared to be aimed at the three Baltic states, which are lobbying to be included in Nato.

"In connection with this, the Russian leadership is

alarmed at contacts between Nato and leaderships of these countries, including the trip by Javier Solana to a series of countries in the Commonwealth of Independent States," Mr Yeltsin said.

Mr Yeltsin yesterday said Russia and Belarus could in future form "a single state," Matthew Kaminski adds.

Some observers have interpreted his comment as a response to the Nato expansion. Russia has on several occasions threatened to form an alliance of its own as a counterweight to Nato.

## Swedes seek to iron out euro's nickel problem

By Lionel Barber in Brussels

A ticklish question has arisen over Europe's plans to introduce a single currency: is the euro a health risk?

Sweden believes the answer will be yes, if the EU uses nickel as a base for the new euro coins due to circulate in early 2002.

Health-conscious Swedes argue that nickel induces allergies, and so they have been steadily introducing nickel-free coinage since 1991.

Their favourite replacement is an alloy known as Nordic gold.

EU finance ministers will discuss Sweden's anti-nickel campaign at a meeting in Brussels on Monday. The meeting is expected to open out differences over the shape and design of the new euro coins.

Ministers will also address the more fundamental question of whether France and Germany will be ready to go ahead with economic and monetary union on schedule on January 1 1999.

A Swedish government spokesman in Brussels said it was unclear why the 14 other EU governments - including Nordic neighbours Denmark and Finland - had failed to raise the connection between nickel and allergies. "It is an established scientific fact," he said. "When young girls pierce their ears with nickel earrings, they get allergies."

The European Commission - which is overseeing the design and shape of the euro coins - is less convinced. The rest of the EU had already agreed to reduce the nickel content in the eight planned denominations of the new coins, a spokesman said.

Only those worth one and two euros would be affected, with the bronze tan which nickel content offered, he added. He said eco-conscious governments preferred to use nickel as a base so that the present European coins could be melted down and recycled as new euro-tender in the next century.

Finance ministers must address another sensitive subject on Monday: whether all of the eight euro coins should be round or whether one - the 20 centime coin - should be polygonal. Consumer organisations argue that at least one polygonal coin would help older or blind people to distinguish between the various tender. But Germany, lobbied hard by the vending industry which wants to avoid redesigning millions of slot machines, is pressing to keep all coins flat and round.

Whatever the difficulties over the shape of the new coinage, progress is being made on the design of the face of the euros. An independent jury elected a shortlist last week based on "aims and ideals, architecture and personalities" in Europe.

Each member state will also have the right to choose which national symbols or mottos to include on the euro coins.

EU leaders intend to unveil the final design at their planned summit in June in Amsterdam.

## Continental eyes Airbus order

By Michael Peel

Airbus Industrie, the European consortium, is poised to win an order worth almost \$500m to supply 40 aircraft to Continental Airlines of the US.

The US carrier is expected to announce soon the winner of the contract to replace its 30 DC10-30s. The company is also looking to buy another 10 large aircraft as it expands its long-haul operations.

Mr Gordon Bethune, Continental's chairman and chief executive officer, hinted strongly in an inter-

view that the company was set to place an order for 40 Airbus A330-300s. "We're probably going to take the A330-300 or the Boeing 777. We'll let them fight it out," he said.

He then praised the Airbus model and did not mention the 777 again. "The A330-300 seems to be a very viable candidate because of its appropriate size and range and payload," he said. "I am very interested in the aircraft."

Initially the company had looked favourably on the Boeing 767 as a replacement, but Mr Bethune said it was

unpopular with passengers because of its small cabin compared with that of the DC10.

Mr Michael Carter, general manager of Continental's UK division, said several Boeing and Airbus aircraft were being evaluated.

"There is a stretched version of the Boeing 767-400 under consideration," he said. He thought the deal would be worth at least \$4.8bn.

Continental aims to phase out all existing DC10s within four to five years. Mr Bethune said: "We are looking to replace the

DC10-30 with a new aeroplane which is both more fuel efficient and more crew efficient."

Asked why the company recently purchased a number of new DC10-30s, Mr Bethune said: "We have added some fairly new models of late, as we were able to get them at a very attractive price. But we really need to replace that aircraft long term."

The company will also announce soon an order for 30 replacement aircraft for its Micronesia operation, in a deal expected to be worth about \$1.75bn.

## Kohl's support for Eurofighter allays concerns over funding

By Bernard Gray, Defence Correspondent

Chancellor Helmut Kohl has thrown his support behind the Eurofighter programme and has privately told industrial leaders and political colleagues that the project's funding problems will be resolved in the spring.

Concerns that Germany would not meet the March deadline for voting funds to move the advanced fighter into production were discussed at a Eurofighter board meeting in Munich this week.

At the meeting, industrialists were told that both Mr Kohl and Mr Volker Rühe, German defence minister, had committed themselves to securing the funding by May.

At the same time Mr David Clark, defence spokesman for the British Labour party, is writing to Mr Rühe, promising that Labour would support Eurofighter on exactly the same terms as the current Conservative government if it won power in the general election, which is likely to be held on May 1.

Mr Clark will say to Mr Rühe that, providing all of the contractual terms remain unaltered, the UK would buy the 232 Eurofighters which the current government has said it wants.

The letter quashes speculation that the Eurofighter would become enmeshed in the defence review which Labour has said it will order.

"We are committed to Eurofighter, including the numbers set out by the government, and industry needs to get on with this project. I am writing to Mr Rühe to express our support," Mr Clark said yesterday.

The show of political support for the programme comes because pressures on the German government to meet the Maastricht criteria for a single European currency are likely to prompt cuts in welfare programmes.

This has made it politically difficult to secure funding for the tooling needed to produce the Eurofighter.

However, the signals of high-level political support in Germany are designed to quell fears among its Euro-

fighter partners - Britain, Italy and Spain - that clearance to invest in production equipment could slip into the autumn or even next year.

"I am confident that we will sign the memorandum of understanding for investment in production facilities by June or July at the very latest," one defence ministry official close to the programme said yesterday.

The aircraft has now all but completed the development milestones needed before the MoU can be signed, with the radar working well and clearance for fully agile flight expected in the next few days.

The twin-seat DA4, the last of the seven prototype aircraft, flew for the first time yesterday.

## Chilean youths fail to take military bait

Imogen Mark finds the under-strength army is offering perks to boost the number of recruits

Last year the television recruiting commercials showed scenes of mainly comradeship around the campfire, and a chat with a conscript and his girlfriend, to make sure the message was not misunderstood. This year, over the shots of bridge-building and rope-climbing, new recruits for the Chilean army were offered real incentives - extra points in state housing schemes, on-the-job training, and scholarships.

The idea is to attract a better class of conscript to serve in a high-tech army that is trying to put its past dictatorial activities behind it. But neither of these sales pitches seems to have cut much ice with its audience.

In theory, one year of military service is obligatory for all 18-year-olds.

In practice, there are 30,000 vacancies, so only a quarter of the 120,000 eligible each year end up in the ranks.

The rest are exempted for health reasons or studies, as the breadwinner in the family, as the son of a "disappeared" political prisoner, or simply because the family has the right contacts to get their son off.

This year the defence ministry and the military authorities tried a new system which let volunteers register first, before the

call-up lists went out, and offered incentives to do so. The results were mixed. The ministry expects to fill half the vacancies with volunteers.

But most of them came, as conscripts traditionally have done, from the countryside. Almost half the eligible 18-year-olds in Angol, a small southern town, applied to sign on.

By comparison, not one

ment it offered power and perks as its officers ran government offices and state companies.

Today, though officers and NCOs are still better off than other civil servants, it offers neither power, prestige nor good money.

In March next year General Augusto Pinochet, its commander, finally retires after a quarter of a century in the post, and with

## Recruits have been offered extra points in state housing schemes, job training, and scholarships

him goes the army's last vestige of real political power. A senior officer recognised, reluctantly, that they would have to offer more incentives to get better personnel, though it goes against the grain in this Prussian-trained body which has fiercely resisted even the term "professional army", which it equates with mercenary.

"We don't down tools at five on the dot," goes the argument, "we serve out of a sense of vocation."

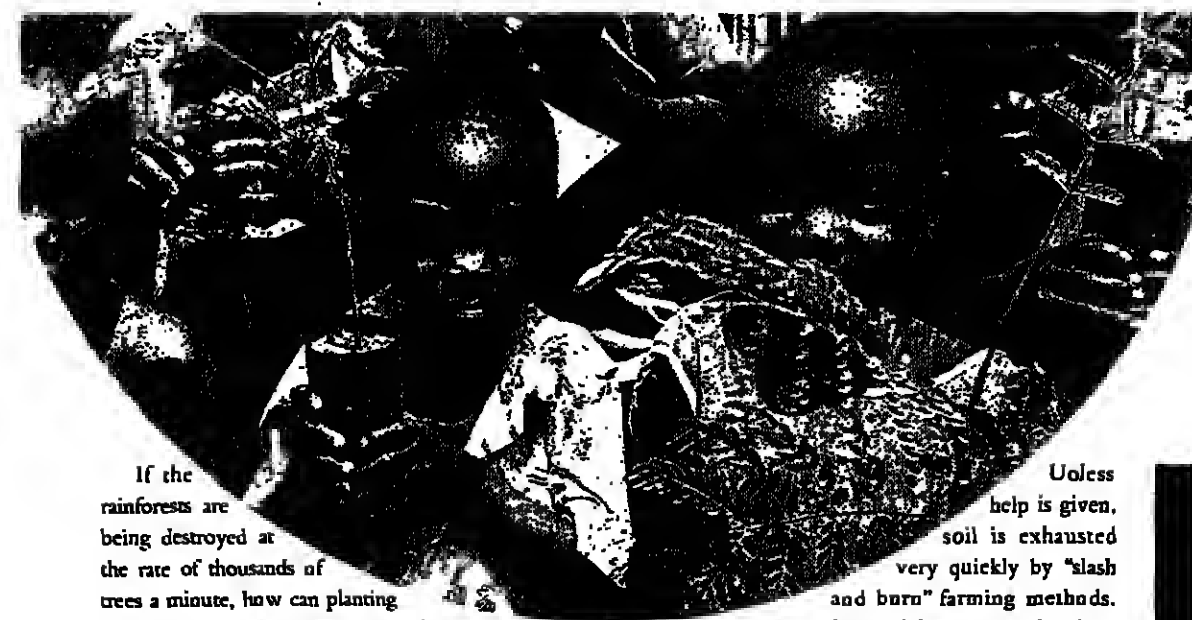
But as a government the army forgoes Chile into the marketplace. Now it has to come to terms with market forces itself.

Expectations are growing in financial markets that the Federal Reserve will make a pre-emptive strike against such inflation by raising interest rates at the next meeting of its open market committee on March 25.

The annual rate of producer price inflation for finished goods dropped to 2.2 per cent in February, the fourth straight monthly drop. The largest declines were in food and energy costs, but even core prices, excluding these volatile components, dropped 0.1 per cent last month.

Financial markets reacted positively to the producer prices report, partly allaying fears that the economy was growing too fast to contain inflation. By noon, the Dow Jones Industrial Average had recovered almost a third of Thursday's 180 point loss to stand at 6981.2.

Many economists attribute the unusually benign combination of steady growth with low inflation in the manufactured goods sector to a number of factors. They include improvements in productivity in the last year and relatively subdued wage demands by workers concerned about job security.



If the rainforests are being destroyed at the rate of thousands of trees a minute, how can planting just a handful of seedlings make a difference?

A WWF - World Wide Fund For Nature tree nursery addresses some of the problems facing people that can force them to chop down trees.

Where hunger or poverty is the underlying cause of deforestation, we can provide fruit trees.

The villagers of Mugunga, Zaire, for example, eat papaya and mangoes from WWF trees. And rather than having to sell timber to buy other food, they can now sell the surplus fruit their nursery produces.

Where trees are chopped down for firewood, WWF and the local people can protect them by planting fast-growing varieties to form a renewable fuel source.

This is particularly valuable to the Impeceable Forest, Uganda, where indigenous hardwoods take two hundred years to mature. The *Markhamia lutea* trees planted by WWF and local villages can be harvested within five or six years of planting.

Where trees are chopped down to be used for construction, as in Panama and Pakistan, we supply other species that are fast-growing and easily replaced.

These tree nurseries are just part of the work we do with the people of the tropical forests.

WWF sponsors students from developing countries on an agroforestry course at UPAZ University in Costa Rica, where WWF provides technical advice on growing vegetable and grain crops.

Unless help is given, soil is exhausted very quickly by "slash and burn" farming methods. New tracts of tropical forest would then have to be cleared every two or three years.

This unnecessary destruction can be prevented by combining modern techniques with traditional practices so that the same plot of land can be used to produce crops over and over again.

In La Planada, Colombia, our experimental farm demonstrates how these techniques can be used to grow a family's food on a small four hectare plot. (Instead of clearing the usual ten hectares of forest.)

WWF fieldworkers are now involved in over 100 tropical forest projects in 45 countries around the world.

The idea behind all of this work is that the use of natural resources should be sustainable.

WWF is calling for the rate of deforestation in the tropics to be halved by 1995, and for there to be no net deforestation by the end of the century.

Write to the Membership Officer at the address below to find out how you can help us ensure that this generation does not continue to steal nature's capital from the next. It could be with a donation, or, appropriately enough, a legacy.



WWF World Wide Fund For Nature (formerly World Wildlife Fund)

International Secretariat, 1196 Gland, Switzerland.

FOR THE SAKE OF THE CHILDREN WE GAVE THEM A NURSERY.

## US industrial output continues steady rise

By Gerard Baker in Washington

US industrial output continued to rise at a steady rate last month, but with little sign of any acceleration in costs.

The Federal Reserve reported yesterday that industrial production rose by a seasonally adjusted 0.5 per cent in February from a month earlier. That followed a fall of 0.1 per cent in January and a rise of 0.4 per cent in December.

Both the December and January figures were revised downwards slightly from previous estimates but, overall, production remains on a robust upwards trend. In the three months to February, output rose 1.2 per cent from the preceding three months.

Manufacturing production was particularly strong last month, registering a 0.8 per cent increase from January.

Despite proliferating evidence of strong growth in output and demand, there was little upward pressure on costs last month. The Labour Department said producer prices actually fell by 0.4 per cent in February from a month earlier, the second consecutive monthly fall. But even the most opti-



mistic believers in a transformation of US economic prospects do not think the current pace of expansion can be sustained without eventually stoking an inflationary increase in wage costs, especially in the much larger services sector.

"There is still no evidence of inflation pressures coming from the goods part of the economy," said Mr James O'Sullivan, economist with J.P. Morgan, the investment bank, in New York.

Instead the main threat is on the labour costs side, which is more of a services inflation story. And given the strength in the economy, the labour market

is likely to get even tighter. Expectations are growing in financial markets that the Federal Reserve will make a pre-emptive strike against such inflation by raising interest rates at the next meeting of its open market committee on March 25.

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## NEWS: UK

'Passengers have been messed around for weeks and I want it to stop,' says regulator

## Privatised rail group faces £1m ultimatum

By Charles Batchelor, Transport Correspondent

South West Trains was yesterday threatened with a fine of £1m (£1.6m) and ultimately the loss of its seven-year franchise if it fails to restore a level of services acceptable to the government's franchising director by the end of next month.

"To put it bluntly: passengers have been messed around for weeks and I want it to stop," said Mr John O'Brien, franchising director.

"SWT has made a mis-

take, a big mistake, and they had better put it right or it will cost them a lot of money. The threat of a £1m fine is a powerful stimulant to make sure they deliver on the services expected of them."

The train company, which is owned by the Stagecoach bus group, has also been

obliged to pay a penalty of £750,000 to cover cancellations and delays in February and faces the prospect of making a similar payment for March.

The penalties and sanctions threatened by Mr O'Brien represent the most radical intervention by the authorities in the privatised

redundancy as part of a productivity deal.

Its problems have been worsened by delays in completion of signalling work by Railtrack, the company which owns the network's track, and by a serious fire at London Waterloo station on Thursday. Mr O'Brien has been criticised by rail groups opposed to privatisation for failing to take stronger action sooner. He said he had acted as soon as he had sufficient evidence that SWT was not putting matters right quickly enough.

SWT said it was confident that it would restore services sufficiently to avoid triggering the £1m fine. "We have begun to get drivers out of training while six to eight drivers will be free when the winter de-icing programme ends this weekend," said Mr Brian Cox, chairman and managing director of SWT.

Save Our Railways said: "A million pound fine for Stagecoach will have as little effect as a peashooter against an elephant. Stagecoach receives £60m a year in public subsidy so £1m is less than one week's income."

## Dream work set to turn into reality

Spielberg gives UK vote of confidence as film location

Mr Steven Spielberg, the Oscar-winning US film director, has finalised plans to shoot his next Hollywood blockbuster, *Saving Private Ryan*, starring Tom Hanks, on a disused aerodrome at Hatfield 30km north of London.

The decision to shoot the picture in Hatfield is a sorely needed vote of confidence in the UK as a location for Hollywood film makers at a time when the strong pound has triggered concern that the US movie studios may switch their productions to cheaper locations elsewhere in Europe.

*Saving Private Ryan*, which is set in northern France during the second world war, is regarded in Hollywood as one of the most promising movies due to be filmed this year.

It will be the first picture

Mr Spielberg has directed for DreamWorks, the fledgling US entertainment group he co-founded with Mr Jeffrey Katzenberg, the former Walt Disney executive, and Mr David Geffen, the billionaire music mogul.

DreamWorks has been searching for locations for the movie for some months, hoping to find an area large enough to recreate the war-torn town of Caen.

The Hatfield aerodrome, which is a former British Aerospace factory and air-strip, has been identified as a suitable site. Part of the site has been converted into a business park, but several hundred acres are disused and can be converted into sets for the movie.

DreamWorks has secured the approval of British Aerospace, which owns the site, and applied to the local



Partners on set: from left, Jeffrey Katzenberg, Steven Spielberg and David Geffen announcing plans in December last year to build the DreamWorks studio complex in Los Angeles. The enterprise is expected to create 32,000 jobs by 2001.

authority for planning permission. It received the go-ahead at a meeting on Thursday night.

Welwyn Hatfield Council said it was "delighted" at the decision, describing the production as a big boost for the local economy. "This is the town where the Mosquito [bomber plane] was built," it said. "People are very excited that this is a World War 2 movie."

Mr Spielberg plans to start production in Hatfield within the next few weeks and will occupy the site for 22 weeks, most of which will be spent building the sets with the final 28 days scheduled for filming.

*Saving Private Ryan* will be the latest in a long line of big budget Hollywood movies to be shot in the UK in recent years including *Mission Impossible*, *Evita*, *101 Dalmatians*, *The Saint*, which is due for release this spring, and *Eyes Wide Shut*, a forthcoming Stanley Kubrick thriller starring Tom Cruise and Nicole Kidman.

The influx of Hollywood

## Minister to block EU demand on beef labels

By Caroline Southey in Brussels

The UK will soon block what it sees as an EU conspiracy to undermine British beef sales by forcing all beef to be labelled with its place of origin.

The government fears that consumers elsewhere in Europe will shy away from beef labelled as British even after the worldwide ban on exports is lifted. At a meeting of farm ministers on Monday, Mr Douglas Hogg, the UK agriculture minister, will oppose Commission proposals to label beef in the EU with data on where the animal was born, reared and slaughtered.

The UK's opposition will be sufficient to scupper the plans, which require backing from all 15 EU ministers. The UK expects backing from the Republic of Ireland, Denmark and Italy, which oppose compulsory labelling.

"We think the motive for supporting the proposal is protectionist. The signal being sent is that meat from country A is OK - just don't buy the British stuff," a UK official said.

The UK, which favours a voluntary regime, opposes the "national" component of the proposals because it goes against the "principle of the single market", and is against compulsion because it would "clog up intra-European trade".

The Commission has been forced to change its stance on labelling following pressure from the European parliament which favours a compulsory regime. This week, Mr Franz Fischler, European commissioner for agriculture, dropped plans for a voluntary system.

Alice Rawsthorn

## Lockheed set to build air traffic centre

By Michael Skapinker, Aerospace Correspondent

A partnership of Lockheed Martin of the US and Bovis Construction of the UK has been chosen as the preferred bidder to build and operate a new Scottish air traffic control centre under the UK government's private finance initiative (PFI) which encourages private investment in public sector projects.

The consortium won the first stage of bidding against a group headed by Hughes of

the US and John Laing of the UK. The Civil Aviation Authority (CAA) said Lockheed Martin and Bovis would be awarded the contract late this year if detailed negotiations were successful. Lockheed Martin said it expected the 25-year contract to be worth \$900m (\$664m).

Lockheed Martin and Bovis also developed a new air traffic control centre at Swanwick in southern England. The Swanwick centre was to open at the end of last year but it has been plagued by computer soft-

were problems. It will now open in March 1998.

The CAA last year considered scrapping the new Scottish centre, which would have resulted in all air traffic in the UK being controlled from Swanwick. However, the CAA last year concluded that both centres were needed so that one could back the other in the case of failure.

Sir George Young, chief transport minister, said in January that the government was minded to accept the CAA's conclusion but wanted airlines to be consulted before it did so. This has now been done and the CAA has submitted its strategy to the government. The award of the contract for the Scottish centre depends on the government accepting the strategy.

The authority has opposed the use of the PFI for the building and running of air traffic centres. The authority said it was concerned that an outside contractor might be unwilling to invest in up-to-date technology. But it now accepts it had no choice

other than to fund the new centre through the PFI.

The CAA has called for privatisation of National Air Traffic Services, its air traffic control subsidiary. The government is in favour of privatisation but has postponed it until after the election.

The opposition Labour party has opposed privatisation but Mrs Margaret Beckett, the party's chief industry spokeswoman, said last month she could not rule out a Labour government going through with the sale.

BP executives recently met representatives from Greenpeace, which two years ago forced Shell, the Anglo-Dutch oil group, to abandon plans to dump the obsolete Brent Spar oil storage installation in the Atlantic.

BP will not comment on the substance of the talks, but executives are concerned that Greenpeace may take direct action to interfere with the field coming on stream. Greenpeace opposes the development of oil fields west of the Shetlands, which it says is a pristine area that should be left as it is.

The group recently attacked the UK government

for authorising new oil and gas developments in frontier areas.

Greenpeace has declined to say if it intends to take direct action against the Petrojarl Foinaven, BP's floating production ship which is in the final stages of being hooked up to wells on the sea bed 500m below.

The group has publicly stated it believes the successful developments of the area, with its deep water and complex currents, could give the international oil industry confidence to move into more sensitive offshore environments, such as the Arctic and the Falkland Islands.

Yesterday BP executives on the Petrojarl Foinaven stressed the project has followed stringent environmental guidelines.

Foinaven is the deepest development so far on the UK continental shelf. The region, also known as the Atlantic Margin, is on migration routes of several endangered species of whale.

By Robert Corzine in Aberdeen

British Petroleum is growing increasingly concerned that environmentalists may interfere with the start of production at Foinaven, the first commercial field in the UK's newest oil-producing region west of the Shetland Isles.

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## UK NEWS DIGEST

## Bank's losses may be probed

Serious Fraud Office investigators are examining documents given to them by National Westminster Bank to decide whether to launch a full investigation into \$20m (£143m) of derivatives trading losses at NatWest Markets, the bank's investment banking arm.

The Securities and Futures Authority, which oversees financial markets in the City of London, is also making inquiries in the wake of the losses, which have prompted NatWest Markets to suspend five senior executives and cut the bonus paid to its chief executive, Mr Martin Owen.

NatWest revealed this week that losses on its debt options books dated back to 1994, and said some trades had been moved between books, making it harder to detect errors in their pricing. The SFO said yesterday that it was "monitoring the position". If it decides to launch a formal investigation, NatWest could face months of legal inquiries.

William Lewis and George Graham

## IRA BOMB SUSPECT

## Pregnant prisoner is refused bail

A London judge yesterday refused to release pregnant Irish Republican Army bombing suspect Ms Roisin McAliskey, 25, from a prison where she has been held during moves to have her extradited to Germany.

The judge's decision came after a two-hour private hearing at which Ms McAliskey's lawyer argued that bail should be allowed, especially after the recent downgrading of Ms McAliskey's security classification. On Thursday, the Prison Service announced that Ms McAliskey, who is seven months' pregnant, will be allowed to keep her baby with her in prison when it is born. Ms McAliskey is the daughter of the Northern Ireland civil rights activist and former MP Ms Bernadette McAliskey.

German authorities applied for extradition in connection with an IRA mortar bomb attack on a British Army base in Germany last summer.

British soldiers yesterday defused a "coffee jar" bomb abandoned near a police station on the outskirts of Belfast, the capital of Northern Ireland.

## LONDON PROPERTY

## Prices boosted by non-UK demand

Prices of homes in new developments, including office conversions, rose last year by between 12 per cent and 50 per cent in the 11 inner London boroughs, the independent London Residential Research reported yesterday.

Demand was fuelled by buyers from outside Britain who purchased up to 40 per cent of new housing developments in inner London last year and up to 70 per cent in the boroughs of Kensington & Chelsea and Westminster. The biggest increases last year were in the NW3 and N1 post code districts of Hampstead and Islington. Prices also rose by about 40 per cent along the south bank of the river Thames.

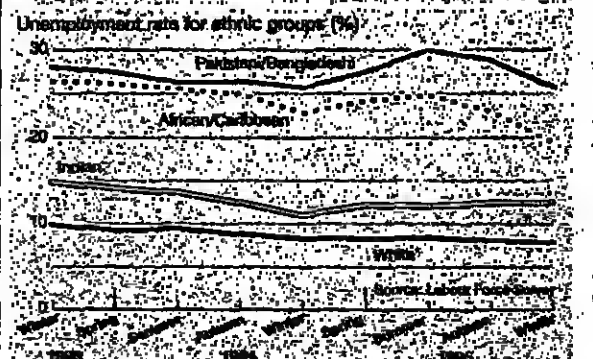
Andrew Taylor

## ETHNIC UNEMPLOYMENT

## Intervention needed, report suggests

People of African, Caribbean and Asian descent have had a long history in Britain of higher unemployment than whites, according to the Black Employment Institute, which campaigns to promote racial justice. "The gap in employment opportunities is wide and has existed for some time," it says. "There is no evidence of this gap reducing without some form of intervention."

## Employment gap



The institute claims nearly 500,000 people in these groups are unemployed. Its report says: "This figure is twice that reported in the official publications because the Office for National Statistics only counts those who are seeking work as unemployed. This narrow definition excludes many people who may be needing support with job-seeking."

Andrew Bolger

## PORT PRIVATISATION

## \$38m bid on brink of succeeding

Associated British Ports is poised to acquire the port of Ipswich in eastern England for \$24.4m (£38.8m) despite making a bid which was lower than at least one of its three rivals. Rival bidders were the Port of Felixstowe; Anglo-Norden, a Danish timber importer; and The Cleveland Trust, which owns the eastern England port of Boston. ABP already owns 22 UK ports.

Charles Batchelor

## CONSERVATIVE PARTY

## Ex-ministers speak of defeat

The Conservative party's public relations disasters continued yesterday when two former ministers spoke in radio interviews of their assumptions of a Labour victory at the coming general election.

Mrs Edwina Currie, a former health minister, pledged with Mr John Major, the prime minister, to stand down quickly as party leader after such a defeat. "We ought to have a leadership contest over cleanly and quickly and then the new leader... can get on with the task of uniting the party for the next term in parliament," she said.

Mr John Biffen, a former leader of the House of Commons, suggested the only question was whether the election would result in a narrow win or a landslide for Labour. Mr Major dismissed the speculation as "Westminster commentators' gossip". He was said by aides to be "furious".

John Kampfner

Editorial Comment, Page 6

## Firms split on subsidised training

By David Wighton and Jim Kelly

Leading accountancy firms and training companies are working on controversial plans to use taxpayers' money to subsidise the training of accountants.

The government-approved schemes, which could cut training fees by a third, have been strongly criticised within the profession.

Coopers & Lybrand, one of the biggest UK accountancy firms, confirmed that it was

investigating ways of using government programmes to cut its training bill.

Mr Peter Wyman, Coopers' head of tax, said: "We are looking at a variety of training models, some of which would qualify for government funding."

"If we were training more people or people we otherwise would not take on, that would be in line with the aims of the government."

The firm had considered a package put together by the Financial Training Com-

pany, one of the UK's biggest training companies, which is offering a government subsidy of between £1,500 and £2,500 (£2,386-£3,975) on its fees.

The rebate will be provided by government-funded Training and Enterprise Councils if the trainees are signed up under the Modern Apprenticeship in Accounting scheme.

Critics say the scheme would subsidise training that large accountancy firms would do anyway. The

Institute of Chartered Accountants in England and Wales said it was "comfortable" that firms using an FTC scheme would be "consistent" with government policy.

But a senior executive at one of the UK's "Big Six" firms said: "Frankly, a lot of people think it stinks."

KPMG and Arthur Andersen said they had no plans to use the scheme. Deloitte & Touche, Price Waterhouse and Ernst & Young are still considering their positions.

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IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY given that the 14th March 1997 is the day for the hearing of the application for the appointment of a Receiver of the assets of the above-named Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Companies Court Registrar at the Royal Court of Justice, Strand, London WC2A 2LL on Wednesday 13th March 1997 at 10.30 am.

ANY creditor or shareholder of the said Company desiring to oppose the making of an Order for the appointment of the said Receiver of the assets of the said Company should appear at the hearing of the said Petition.

A copy of the said Petition will be furnished to any such person requesting the same by the undersigned solicitors on payment of the regulated charge for the same.

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Solicitors for the above Company

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## FINANCIAL TIMES

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Saturday March 15 1997

## Losing it by numbers

It's the psephology, stupid. The economy, it now seems, may be of little help to either of the UK's main political parties in the election campaign, which is expected to start officially next week. The Tories have found to their chagrin that steadily improving numbers, from employment and output to housing and asset prices, have failed to translate into favourable voting intentions.

After the fall in unemployment of 400,000 last year, with output still rising fast and real personal disposable income increasing at an annual rate of 3 per cent, the Tories might have expected some thanks from the voters. But the opinion polls continue to give Labour a steady lead of about 18 percentage points or even more - theoretically equal to a Labour majority of 220.

Whatever these figures mean, they are unlikely to have much to do with the parties' promises for managing the economy. By adopting the Tories' targets for inflation, government deficits and public spending totals, Labour has, in effect, closed off one of the main traditional battlegrounds. Polls now suggest that voters see little to choose between them on economic management. So Tory protests that Labour has no new economic policies and no experience in implementing the old ones cut little ice.

Perhaps, as the Bank of England moves uncertainly to full independence in the setting of interest rates (a goal which Labour is edging towards), the economy will be allowed once again to proceed on its own way without being waved on - or halted - by the hidden hand of politics. It would be whimsical to predict a return to the *laissez faire* policies of the 19th century. But such an idea is not completely out of kilter with the logic of both main parties' positions, particularly after Labour's conversion away from economic interventionism.

### Economic management

Both accept, at least in principle, that government deficits should be restricted by external rules. The government says it will return its finances "towards balance in the medium term". Labour says it will follow the "golden rule" and borrow no more than is needed to meet public investment. If this were to be believed - despite the record of both parties - politicians would indeed be finally throwing away one of

the traditional levers of economic management.

Their purchase on the other main lever, short-term interest rates, was reduced after 1992, when the Bank was given a formal public role in advising the Treasury. Labour would strengthen this role; and either party would have to cede power over interest rates entirely if - or when - the UK eventually joins European monetary union.

### Spurious promises

Such shifts would have intriguing consequences for political debate and the conduct of elections, of which the present jockeying for position may be a precursor. Perhaps once again, politicians will argue more about social issues and constitutional reform rather than making largely spurious promises as to which side can engineer the higher economic growth rate.

If so, the economy is unlikely to suffer. The sad statistics of the UK's relative economic decline since the days of Gladstone show that the country dropped back fastest in the period after the second world war when the economy was being managed most actively. Between 1950 and 1973, the country's real GDP per head grew by 75 per cent, it is true. But in comparison with other countries' per capita output, the UK dropped from sixth in the world to eleventh during that period, having been overtaken by the rest of Europe. Since the Tories came to power, the UK has continued to fall back in relative terms - to 17th (compared with number two in 1870), but this mainly reflects the rise of the "tiger" economies. During the Tory period, the UK has kept more or less level with the rest of Europe. And the extensive deregulation measures since 1979 have increased the competitiveness of its industrial base.

So a period of benign political neglect might be no bad thing. What this would do for the remaining parts of political argument is less certain. Debate on other issues such as crime and punishment, constitutional reform and Europe has been depressingly superficial in the campaign so far, as both sides adjust their nuances to what they think the polls are saying.

What they are telling the Tories is now pretty clear: and if it is not as bad as it seems, it will have to be a lot less bad on the night if it is not to be very bad indeed.

## In the shadow of the gun

Lacking the established institutions of a market democracy, Albania is reverting to disorder and isolation, say Guy Dinmore and Kevin Done

From the Adriatic port of Durres, Italian warships can be seen five miles away in the haze, receiving helicopters flying out foreigners from Tirana, the capital.

On land, the law of the looter reigns supreme. The army and police have largely disappeared from the streets of Albania's largest port, surrendering the streets to gangs of adults and children looting weapons from army barracks and food from shops and warehouses.

Electricity was cut off on Thursday, there is no bread in the shops and food is running out. No police are to be seen - some have thrown off their uniforms to join in the looting.

"We want foreign troops to come because we have no order any more," says Doriana Nikolla, dressed up ready to board any ship to take her across the Adriatic. "We don't know what will become of us."

Albania, cut off from the world during decades of Stalinist repression, is retreating into disorder and isolation. The plea from Mr Sali Berisha, the beleaguered president, for intervention by foreign troops is a last despairing admission that his regime is at an end, helpless to halt the tidal wave of violent protest, rebellion and criminal anarchy.

The growing exodus by boat across the Adriatic to Italy has already included his two children, as well as Mr Safet Zhulali, his long-time defence minister. They leave behind a country reverting at frightening speed to a state of medieval anarchy.

In Durres, the streets are full of armed gangs with trucks, farmers with ponies pulling carts, old men and children with bicycles - the whole town seems to have come out to ransack anything that could be carried away.

Dress for the occasion requires a balacava, leather jacket and, most important, a Kalashnikov rifle pilloled from the local military barracks. One man even trundled a large garbage bin on wheels, piled high with furniture. Gunfire reverberates through the port as more organised gangs carve out their territory in dockside warehouses.

Surveying the chaos, Mr Dash Jarvet, a 53-year-old school director, offers an apology on behalf of all Albanians as he tries to explain the country's rapid descent into an ungovernable hell.

"The government stole from the people and the people are stealing things back," he says, describing the anger felt by many Albanians at losing all their money in the collapse of the string of fraudulent pyramid finance schemes.

He clutches a bundle of books, including John Steinbeck's *Grapes of Wrath* - left abandoned



Advance into chaos: an Albanian child is raised in the air alongside an AK-47 assault rifle

by looters more interested in sacks of cement, metal rods, furniture, webbing and even bath-room fittings. Even his pupils are out there with rifles, he says.

Five centuries of rule by the Ottoman Turks left Albania with a legacy of social and cultural backwardness coupled with political and administrative anarchy. The traditions of clanish, feudal structures have lasted well into the 20th century.

While independence from the Turks was won in 1912, it was only short-lived. Foreign occupation in two world wars was punctuated by the absolutist monarchy of King Zog in the inter-war years. Long decades of repressive rule under the Stalinist dictator Enver Hoxha in the postwar era left a country lacking the traditions or institutions of pluralist democracy or a market economy.

In the six years since the collapse of communism, such western ideals have been thrust on Europe's poorest country. Albania has received the highest amount of foreign aid per capita of any of the former communist countries of east Europe.

Much of this harsh, mountainous country has a breath-taking scenic beauty, but its towns and streets are marked by poverty and dereliction. Its infrastructure of roads, water and power supplies and telecommunications is the most antiquated in Europe. Sewage seeps into the water supplies, which are available only for three two-hour periods a day in several cities. Power-cuts are commonplace.

The mass anti-government insurrection, which first erupted in the south, has still not developed any coherent political or military structure. It has not been a case of rebels advancing on the capital but of frightened townspeople across the country fearing civil war - and criminal gangs using the disorder to take matters into their own hands.

Many ordinary Albanians say they simply want to defend themselves. "We have a tradition that everyone has a gun," said a farmer in the northern village of Gerdec just outside Tirana. "I have no intention of killing anyone, neither the president nor the socialists."

Tirana residents told of

drive-by killings, apparently a settling of old scores in a country where blood feuds last for generations.

On the edge of Tirana, Mr Mustafa Koskja watched helplessly as crowds carried away sacks of flour from his warehouse, owned by a Swiss company, Kresl Basel.

"There was no use fighting," he said. Police came and went without doing anything. The warehouse held 650 tonnes and was the main supplier to the capital. Old men and women balanced sacks on bicycles. Organised gangs used trucks.

Meanwhile hospitals have struggled to cope with the wounded, most of them casualties of stray bullets from guns fired wildly in the air.

The violence, which erupted first in the south, has already reached the country's northern frontiers. Albanian guards on the border with Macedonia were forced to flee when their post was seized by local insurgents. Neighbouring Yugoslavia said it had closed its border between Albania and the Serbian province of Kosovo and raised the combat readiness of its troops.

"Five years is a short time to create a new country," says an official from the central bank. "But we didn't start from zero, we started from less than zero."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 3030. E-mail: letters-editor@ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the most international languages.

### Boost for the campaign to introduce deregulation of US exchange markets

From Mr Patrick H. Arbor and Mr Thomas E. Donovan  
Sir, On behalf of the members of the Chicago Board of Trade, we applaud the stand taken by the Financial Times in its editorial "A slim CFTC" (March 11).

We have been carrying the message in your editorial to Washington for years, that US exchange markets now face competition from two sources: less regulated foreign exchanges and the virtually unregulated over-the-counter (OTC) markets. Both enjoy a tremendously unfair advantage over our regulated markets.

This "regulatory arbitrage" has been a boon to them, while our regulatory cost disadvantage has stunted our markets' growth and even caused some to shrink. That

offers a chilling message to anyone running an exchange today. Without a regulatory approach that gives us the freedom to compete and fosters innovation, our markets will disappear.

All we want is for all professional markets to be treated alike. We are not advocating more regulation for our competitors. On the contrary, we are only asking to be on a level playing field with them. If the changes that have been proposed were to be passed by the US Congress today, it only would give us the right to make a decision on whether to compete with the OTC derivatives markets.

If we have that freedom to compete, we believe the many well known protections already found

in our markets: price transparency, margining of positions that are marked-to-market daily, time-tested self-policing systems, and financial integrity through clearing that eliminates counterparty risk, will attract users of the unregulated markets to our markets.

Thank you for your support of more competition in the global futures markets.

Patrick H. Arbor, chairman, Thomas E. Donovan, president and chief executive officer, Chicago Board of Trade, LaSalle at Jackson, Chicago, Illinois, 800-64-2994, US

### Students need to work less

From Prof M. H. Lazerson

Sir, Not all American professors are as sanguine as Joe Rogaly is ("A lesson in numbers for students", March 8/9) about the benefits of having their students work their way through college. As someone who teaches at a mass American university, where almost 90 per cent of the students work at least 20 hours a week and many up to 40, I can testify that it seriously interferes with the quality of education.

Because of time pressures, most students treat their course work and learning as impediments to the essential activity - earning cash. Students therefore avoid courses that require them to read more than a book or two or to write a research paper.

On the obligatory student evaluations of my teaching, I often receive the very telling comment: "This guy makes you read so many books, you got (sic) to be unemployed to take his course."

Unavoidably, the pressures of organisational survival encourage most professors to jettison their educational standards to satisfy the minimalist demands of their hard-working students.

If students prefer to discount the promise of greater future incomes for the certainty of more current income by working their way through university, I see no reason why governments should endorse this irrational approach by further reducing publicly subsidised grants and loans.

M. H. Lazerson, State University of New York, Stony Brook, NY 11794, US

### Weekend meeting with triumph and disaster

From Mr Barton Guthrie

Sir, This redesign is just awful - certainly as it relates to the main, front section. In going over to it, you have fallen into the old trap of throwing the baby out with the bathwater, and in so doing you have blown the well established identity of the title.

If you and your advisers felt a change was necessary, for whatever reason, then why could you have not restricted it to the Weekend section itself, paving the way with a tiny rendition of it below the conventional masthead on the front section?

The change has led to great confusion, especially among your title's audience in foreign mar-

kets. Closer to home, when I opened my front door last Saturday morning, I thought my news vendor had delivered only part of the paper.

All in all, it got my weekend off to a grumpy start.

Barton Guthrie, Kerdington House, Arthur Road, Windsor, Berkshire SL4 1SR, UK

From Mr Stephen Lock

Sir, I have been telling clients - both UK and foreign - for some time that the Saturday FT is the best newspaper in Britain, bar

none. This weekend's redesign has served to underline this even further. The new masthead is a clever visual way of letting readers know that the Saturday FT has a character all of its own and is probably the most rounded paper in the UK today. Although your regular Saturday readers have probably enjoyed being in on the secret, now you have let the world know. Congratulations!

Stephen Lock, managing director, public affairs, Ludgate Communications, 111 Charterhouse Street, London EC1M 6AA, UK

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## COMMODITIES AND AGRICULTURE

## Zinc surges to 4½-year record

## MARKETS REPORT

By Kenneth Gooding, Mining Correspondent

Zinc prices surged to a fresh 4½-year peak of \$1,392 a tonne (56 cents a pound) on the London Metal Exchange yesterday. The strong price rise so far this year — more than 20 per cent since January — is causing analysts to review their forecasts for 1997 as a whole.

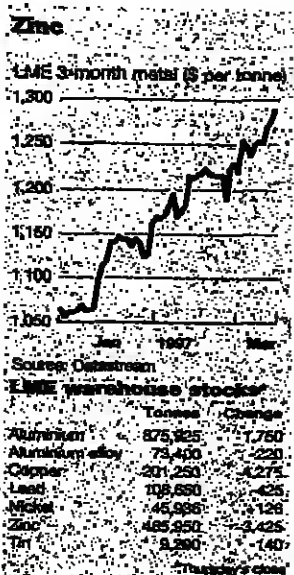
Mr John Lydall, at First Marathon Securities in Canada, has lifted his forecast for zinc, used primarily to galvanise steel for the construction and motor industries, from 52 cents a tonne to \$1,148 a tonne for an average for 1997 of 58 cents (\$1.37 a tonne).

He points out that stocks of zinc in LME warehouses have fallen far from the peak 1.234m tonnes in August 1994, to below 470,000 tonnes. Yesterday the LME reported that stocks of zinc in its authorised warehouses had fallen again, by 3,425 tonnes to 465,960 tonnes.

Mr Jim Lennon, analyst at Macquarie Bank, said LME zinc stocks were now equivalent to only 6½ weeks' consumption and were heading toward a critical level of 5.2 weeks by the middle of this year. In 1993 the average would fall to only 5.5 weeks, he told a Macquarie seminar in Sydney.

He suggested zinc prices would average 56 cents a pound this year (\$1,234 a tonne) and 56 cents (\$1,432 a tonne) in 1998.

Meanwhile, attention in the copper market continued to focus on China. Opinion is split about whether China



needs to buy more of the metal or is ready to sell some to the western market from its stocks.

Mr Chris Green, chairman of Barclays Metals, in his latest copper letter, says: "The signs are that various factions within China or outside, but linked to those organisations charged with procurement of copper, are currently concerned with talking the market down and even with breaching misinformation about it. If so, the objective is to discourage the bulls and excite the bears when it comes."

Mr Green predicts that, even though the copper price might fall temporarily, it will rebound to \$2,400 a tonne. Last night copper for delivery on the LME in three months closed at \$2,357, up \$23 a tonne on the day.

## WEEKLY PRICE CHANGES

Commodity	Latest price	Change on week	1996/97 High	1996/97 Low
Gold per troy oz.	\$352.85	+3.90	\$385.00	\$340.35
Silver per troy oz.	\$30.50	+0.25	\$34.50	\$27.50
Aluminium 36% (cash)	\$1,622.5	-1.7	\$1,610.0	\$1,594.5
Copper Grade A (cash)	\$2,412	-35.5	\$2,557	\$1,983.5
Lead (cash)	\$895	+4	\$915.5	\$847
Nickel (cash)	\$801.0	+8	\$801.5	\$801.5
Zinc 50% (cash)	\$1,392	+19	\$1,392	\$1,392
Th (cash)	\$902.0	+180	\$913.0	\$902.0
Cocoa Futures Mar	\$1,010	+77	\$1,078	\$1,179
Coffee Futures Mar	\$1,098	-51	\$1,097	\$1,098
Sugar (LDP Raw)	\$298.50	-3.30	\$322.50	\$298.50
Barley Futures Mar	\$293.50	-7	\$293.50	\$293.50
Wheat Futures Mar	\$297.00	+0.70	\$297.00	\$297.00
Cotton Futures Mar	\$0.900	+0.30	\$0.900	\$0.900
Oil (Brent Blend)	\$18.55	-0.65	\$18.01	\$18.55

For more information on these and other markets, see page 14.

## WORLD BOND PRICES

## Inflation news aids rebound in Treasuries

## MARKETS REPORT

By Lisa Branstetter in New York and Corinne Middleton in London

Positive news about inflation helped US Treasury prices rebound from Thursday's lows in early trade.

Near midday, the benchmark 30-year Treasury was stronger at 95½ to yield 6.94 per cent while at the short end of the maturity spectrum, the two-year note rose to 98½, yielding 6.14 per cent. The March 30-year bond contract climbed 5½ to 109½.

Bonds began rising after the release of the producer price index, which fell 0.4 per cent in February on the heels of the 0.3 per cent decline in January to mark the first consecutive fall in the PPI since the fall of 1994.

Those figures helped ease some fears that the Federal Reserve will raise interest rates at the March 26 meeting of its Open Market Committee, but Wall Street economists remain divided about the possibility of a tightening.

Mr Bruce Steinberg of Merrill Lynch said the data might encourage the FOMC to leave interest rates steady but added that it was "a close call".

The market later gave up some of its initial gains after the release of industrial production data that were modestly ahead of analysts' forecasts. Industrial production rose 0.5 per cent last month, while economists had predicted a rise closer to 0.3 per cent. Capacity utilisation last month, however, was 83.3 per cent, slightly below expectations. Europe's government bonds shrugged off the encouraging US PPI data and most markets ended the day weaker.

"We are looking for a corrective bounce in Europe next week, but the technical picture is still bearish and the tone remains negative," said Mr Graham McDevitt, bond strategist at Paribas Capital Markets.

German government bonds recouped some earlier losses in a technical bounce as traders covered short positions before the weekend. The June bund futures contract on Liffe closed at 104.4, up 0.02 points from Thursday.

Spanish bonds derived little comfort from the Bank of Spain's 25-basis-point repo rate cut to 5.75 per cent and ended weaker.

Dealers said prices were pressured by the perception that further rate cuts were unlikely near-term, bearish sentiment surrounding EMU and weaker markets elsewhere. The March bond futures contract on Mef closed at 112.34, down 0.38 points.

Italian bonds fared equally badly, closing lower in the trading. Italy's June BTP future on Liffe closed at 125.60, down 0.37 points, and its 10-year yield spread over bunds widened beyond 200 basis points again, ending at 201 basis points, from 185 on Thursday.

Swedish bonds took an even bigger tumble, hurt by the sharp decline in the krona to its lowest level on a trade-weighted basis for more than a year. The yield on the benchmark 10-year bond rose 17 basis points to 7.08 per cent, and its spread over bunds widened to 130 basis points, from 116 on Thursday.

UK gilts ended a quiet day steady as traders prepared for a slew of data due next week. The June long gilt future on Liffe ended up at 111.1.

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM 99.7% PURITY (\$ per tonne)

	Cash	3 mths
Close	1832.33	1864.85
Previous	1835.5-36.5	1867-67.5
High/Low	1836/1865	1868/1865
AM Official	1824-24.5	1855-55.5
Karb close	1859-59	1868-68
Open int.	275,204	
Total daily turnover	60,389	

ALUMINIUM ALLOY (\$ per tonne)

	Cash	3 mths
Close	1522.27	1547-50
Previous	1525-30	1548-50
High/Low	1520/1546	1548/1546
AM Official	1520-20.5	1545-45
Karb close	1520-20.5	1545-45
Open int.	6,340	
Total daily turnover	1,062	

LEAD (\$ per tonne)

	Cash	3 mths
Close	694.5-5.5	690-0.5
Previous	696-8	692-4
High/Low	694/687	694/687
AM Official	696-8	691-1
Karb close	696-8	691-1
Open int.	38,937	
Total daily turnover	6,730	

NICKEL (\$ per tonne)

	Cash	3 mths
Close	8005-15	8110-20
Previous	7970-80	8080-85
High/Low	8000/8100	8080/8100
AM Official	7970-75	8070-80
Karb close	8005-15	8110-20
Open int.	52,405	
Total daily turnover	12,643	

TIN (\$ per tonne)

	Cash	3 mths
Close	6705-55	6650-60
Previous	6650-60	6650-60
High/Low	6650/6650	6650/6650
AM Official	6650-55	6650-55
Karb close	6650-55	6650-55
Open int.	17,378	
Total daily turnover	5,724	

ZINC (\$ per tonne)

	Cash	3 mths
Close	1280.5-11.5	1281-82
Previous	1281.5-12.5	1283-84
High/Low	1280/1281	1281/1282
AM Official	1282-83	1281-82
Karb close	1282-83	1281-82
Open int.	86,230	
Total daily turnover	20,211	

COPPER, grade A (\$ per tonne)

	Cash	3 mths
Close	2411-13	2355-55
Previous	2400.5-12.5	2346-47
High/Low	2411/2333	2341/2333
AM Official	2412.5-13.5	2357-58
Karb close	2412.5-13.5	2357-58
Open int.	144,821	
Total daily turnover	47,183	

LME AM Official 2½ rate 1.9088

LME Closing 2½ rate 1.8995

3 mths 1.8925 3 mths 1.8925 3 mths 1.8925

HIGH GRADE COPPER COMEX

	Cash	3 mths
Close	1137.5	1140.0
Previous	1137.5	1140.0
High/Low	1137.5/1140.0	1137.5/1140.0
AM Official	1137.5	1140.0
Karb close	1137.5	1140.0
Open int.	11,378	
Total daily turnover	5,724	

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
Gold	352.85	352.85	352.85	352.85
Silver	30.50	30.50	30.50	30.50
Palladium	221.35	221.35	221.35	221.35
Platinum	517.32	517.32	517.32	517.32
Day's High	352.85	352.85	352.85	352.85
Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
Gold	352.85	352.85	352.85	352.85
Silver	30.50	30.50	30.50	30.50
Palladium	221.35	221.35	221.35	221.35
Platinum	517.32	517.32	517.32	517.32
Day's High	352.85	352.85	352.85	352.85
Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
Gold	352.85	352.85	352.85	352.85
Silver	30.50	30.50	30.50	30.50
Palladium	221.35	221.35	221.35	221.35
Platinum	517.32	517.32	517.32	517.32
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Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
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Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

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Platinum	517.32	517.32	517.32	517.32
Day's High	352.85	352.85	352.85	352.85
Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
Gold	352.85	352.85	352.85	352.85
Silver	30.50	30.50	30.50	30.50
Palladium	221.35	221.35	221.35	221.35
Platinum	517.32	517.32	517.32	517.32
Day's High	352.85	352.85	352.85	352.85
Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
Gold	352.85	352.85	352.85	352.85
Silver	30.50	30.50	30.50	30.50
Palladium	221.35	221.35	221.35	221.35
Platinum	517.32	517.32	517.32	517.32
Day's High	352.85	352.85	352.85	352.85
Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
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Palladium	221.35	221.35	221.35	221.35
Platinum	517.32	517.32	517.32	517.32
Day's High	352.85	352.85	352.85	352.85
Day's Low	352.85	352.85	352.85	352.85
Previous close	352.85	352.85	352.85	352.85
Open int.	352.85	352.85	352.85	352.85
Total daily turnover	352.85	352.85	352.85	352.85

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz) \$ price £ price SFR price

	Close	Open	High	Low
Gold	352.85	352.85	352.85	352.85
Silver	30.50	30.50	30.5	



# D-Mark rises

## MARKETS REPORT

By Simon Kuper

The D-Mark rose against the dollar, the yen and most European currencies yesterday.

It was buoyed by weak US factory gate inflation data, the improving German economy, and further talk that European monetary union would be delayed.

But currencies continued to seeweed yesterday, as traders remained unsure whether the dollar's long advance against the yen and D-Mark is due to a sharp reverse Mr Carl Weinberg, chief economist at High Frequency Economics in New York, said: "Today the market was all over the map."

The D-Mark was trading at DM1.665 against the dollar in the US afternoon after the London close, 0.9 pence above Thursday night's close. It gained Y0.43 against the yen to close in London at

Y72.61.

The dollar closed in London at Y123.4 against the Japanese currency, little changed from Thursday night. It gained against the yen in the first half of the day, helped by the low yields on Japanese bonds, but failed to hold above Y124. Mr Rudiger Dornbusch, the MIT economist, was quoted as saying that Mr Robert Rubin, the US treasury secretary, would not let the dollar rise above Y130 to the yen.

In the London afternoon the dollar was hit by profit taking and by weaker than expected US producer price inflation figures for February. Traders said the data dimmed prospects of the Federal Reserve raising US

Interest rates after its Open Market committee meeting, which starts on March 25.

The peseta and the Swedish krona both slumped. The former suffered after the Bank of Spain cut its key money rate by 25 basis points to 5.75 per cent. The currency dropped from Ptas84.84 to Ptas83.00 against the D-Mark, although the Bank of Spain intervened in the market to buy pesetas. The krona fell sharply for the second time this week. It dropped from SKr4.509 to

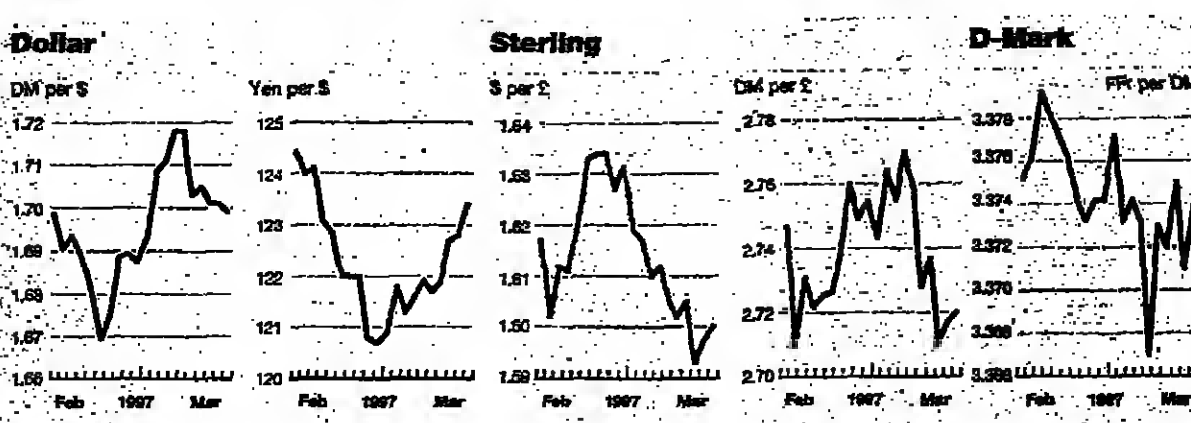
SKr4.566 against the D-Mark, and has now lost 6 per cent of its value against the German currency since October.

Yesterday's krona fall followed soft Swedish inflation data this week. However, the currency has been under pressure since January, when Prime Minister Goran Persson raised fears about the country's budget deficit by promising to spend SKr10bn on public services. The market expects Sweden to miss the start of European monetary union in 1999.

Whither the krona? The Riksbank, Sweden's central bank, says its currency is undervalued. Many foreign exchange strategists agree, pointing to Sweden's economic fundamentals: the country has relatively strong economic growth, high interest rates and a current account surplus.

However, Mr Erik Asbrink, the finance minister, said he was not worried about the krona's fall. "With an inflation target and a floating krona this is something you have to be prepared for," he said. That sent the currency even lower. Economists say the krona's dip has reduced chances of a Swedish rate cut.

Mr Hans Tietmeyer, the Bundesbank president, said there was "no need in Germany to raise interest rates in the coming months". However, he had little effect on D-Mark interest rate futures contracts, which are pricing in a 25 basis point rate rise this month.



## POUND SPOT FORWARD AGAINST THE POUND

Mar 14	Closing	Change	Settlement	Day's	One month	Three months	One year	JP Morgan
	mid-point		spread	mid	Rate	Rate	Rate	Bank of
Europe								
Austria	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Belgium	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Denmark	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Finland	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
France	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Germany	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Greece	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Ireland	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Italy	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Japan	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Netherlands	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Norway	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Portugal	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Spain	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Sweden	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Switzerland	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
UK	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
USA	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 14	Closing	Change	Settlement	Day's	One month	Three months	One year	JP Morgan
	mid-point		spread	mid	Rate	Rate	Rate	Bank of
Europe								
Austria	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Belgium	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Denmark	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Finland	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
France	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Germany	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Greece	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Ireland	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Italy	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Japan	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Netherlands	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Norway	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Portugal	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Spain	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Sweden	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
Switzerland	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
UK	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7
USA	131.488	+0.0219	383	548	19.1784	19.1778	19.103	2.7

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

Mar 14	BF	DK	FF	DM	£	¥	JP	SE	Sw	US
Belgium	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Denmark	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
France	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Germany	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Ireland	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Italy	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Netherlands	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Norway	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Portugal	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Spain	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Sweden	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
Switzerland	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
UK	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488
USA	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488	131.488

### D-MARK FUTURES (MM) DM 125,000 per OM

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Jun	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Sep	131.488	131.488	+0.0219	383	548	19.1784	19.1778

### SWISS FRANC FUTURES (MM) SF 125,000 per SF

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Jun	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Sep	131.488	131.488	+0.0219	383	548	19.1784	19.1778

## UK INTEREST RATES

### LONDON MONEY RATES

Mar 14	Over-	7 days	One month	Three months	Six months	One year
Interbank Sterling	6.5	6.5	6.5	6.5	6.5	6.5
Sterling CDs	6.5	6.5	6.5	6.5	6.5	6.5
Treasury Bills	6.5	6.5	6.5	6.5	6.5	6.5
Bank Bills	6.5	6.5	6.5	6.5	6.5	6.5
Local authority debts	6.5	6.5	6.5	6.5	6.5	6.5
Discount Market	6.5	6.5	6.5	6.5	6.5	6.5

UK clearing bank base lending rate 6 per cent from October 30, 1996

Certs of Tax dep. £100,000 2 1/2 5 1/2 5 1/2 5 1/2 5 1/2

Certs of Tax dep. under £100,000 in 2 1/2 ppc. Deposits withdrawn from bank 1 1/2 ppc.

Govt. tender rate of discount on 15 Mar 14, 5.84522pc. (5.84522pc. based on 50pc. discount)

House Rate 5 1/2 ppc. from Mar 1, 1997 to Feb 28, 1997. Schemes N & V 5.250pc. Finance House Rate 5 1/2 ppc. from Mar 1, 1997

### JAPANESE YEN FUTURES (MM) Yen 12.5 per Yen 100

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Jun	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Sep	131.488	131.488	+0.0219	383	548	19.1784	19.1778

### STERLING FUTURES (MM) £25,000 per £

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Jun	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Sep	131.488	131.488	+0.0219	383	548	19.1784	19.1778

### THREE MONTH STERLING FUTURES (LFFE) £500,000 points of 100%

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Jun	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Sep	131.488	131.488	+0.0219	383	548	19.1784	19.1778

### SHORT STERLING OPTIONS (LFFE) £500,000 points of 100%

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Jun	131.488	131.488	+0.0219	383	548	19.1784	19.1778
Sep	131.488	131.488	+0.0219	383	548	19.1784	19.1778

Also traded on ACT. All Open Interest. Sp. are for previous day.

## EMS EUROPEAN CURRENCY UNIT RATES

Mar 14	EU	Rate	Change	% of	% spread	Div.
Ireland	131.488	131.488	+0.0219	383	548	19.1784
Portugal	131.488	131.488	+0.0219	383	548	19.1784
Finland	131.488	131.488	+0.0219	383	548	19.1784
Netherlands	131.488	131.488	+0.0219	383	548	19.1784
Germany	131.488	131.488	+0.0219	383	548	19.1784
Belgium	131.488	131.488	+0.0219	383	548	19.1784
Austria	131.488	131.488	+0.0219	383	548	19.1784
Denmark	131.488	131.488	+0.0219	383	548	19.1784
France	131.488	131.488	+0.0219	383	548	19.1784
Greece	131.488	131.488	+0.0219	383	548	19.1784
Italy	131.488	131.488	+0.0219	383	548	19.1784
Spain	131.488	131.488	+0.0219	383	548	19.1784
Sweden	131.488	131.488	+0.0219	383	548	19.1784
Switzerland	131.488	131.488	+0.0219	383	548	19.1784
UK	131.488	131.488	+0.0219	383	548	19.1784

### NON ERM MEMBERS



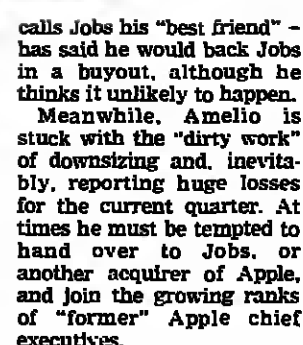
## Louise Kehoe on the 'doctor' seeking to revive an ailing icon

the damage had been done. With sympathy for Amelio running thin, industry analysts are raising questions about his leadership and strategies. He is privately criticised by several of his industry peers for being slow to reach decisions and failing to get a grip on Apple's problems. Joseph Graziano, a former Apple chief financial officer, has openly accused him of "not having a clue what he's dealing with".

Amelio's leadership has been further eroded by widespread rumours that Steve Jobs, Apple's co-founder, has become the power behind the scenes. "We don't know who is running the company," one Apple manager says.

Jobs, 42, is everything that Amelio is not - a snappy dresser, brimming with confidence and a natural leader. He can bring an audience to its feet and drive employees to give their best. Jobs's passion for excellence created the Macintosh and the enthusiasm for the technology that lives on among Apple customers.

In his younger days at Apple, though, Jobs could

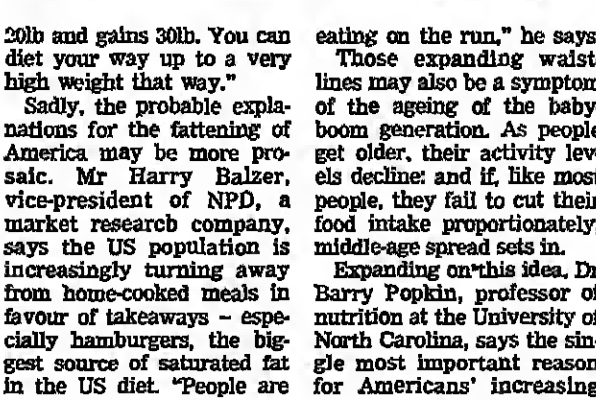


**Richard Tomkins** explains why the number of obese people has shot up in recent years

lower end of the socio-economic scale, white and black, who are becoming less active and eating cheap, high-calorie junk food.

**B**ut whatever the socio-economic breakdown, there are signs that Americans are becoming comfortable with their expanding girths. So-called plus-size clothes, catering for women of US size 12 and above, are becoming easy to find; a magazine called *Mode*, catering for the full-figured woman, has just hit the streets; and a new book called *Eat Fat*, advocating fat acceptance, has become a big seller.

Mr Richard Klein, the Cornell University professor who wrote *Eat Fat*, says 90 years ago people were writing books about how to become plump. "In those days, fat was not only tolerated, but celebrated for its beauty and erotic charm. It seems to me that it's time for another shift in fashion."



**Michael Prowse**, who has returned to the UK after six years in the US, argues that in view of their achievements the Tories should be ahead in the polls

distribution of spending from welfare to education, but it is impossible to imagine them restricting the growth of benefits more than the Tories.

So where will the funds come from? About the only innovation is the proposed "windfall tax" on the utilities - a distortionary tax levied on companies simply because they once had the misfortune to be in the public sector. The idea that you can somehow help workers by cutting profits represents a return to the kind of headless question-begging that has bedeviled costar decades.

The change for change's sake argument is the weakest possible plank on which to reject a government. What voters need to do is look dispassionately at the Tory record of the past 18 years. They need to realise that it represented a return to sanity rather than an ideological shift to conservative extremism.

Most US Democrats seeing where the UK was in 1979 would heartily approve of nearly every reform introduced by the Thatcher and Major governments. Recall that many left-of-centre politicians in the US support policies - such as strict time-limits on welfare - that even UK rightwingers regard as too harsh.

I would be the first to admit that Mr Blair might successfully pursue policies almost indistinguishable from those of the present government. But there is also a considerable risk that under pressure from the left he will begin to undo many of the achievements of the Tories.

The UK could very easily revert to less enlightened policies. There is also a big risk that Labour will make serious mistakes in its first few years simply as a result of inexperience.

Having just returned to the UK and seeing the nation doing so well, it strikes me the case for change is extraordinarily weak.







## UNIT TRUSTS

## WINNERS AND LOSERS

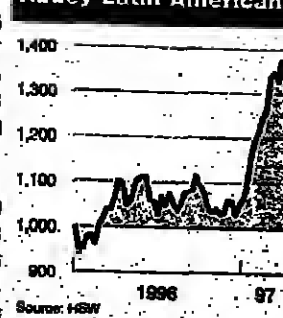
## TOP FIVE OVER 1 YEAR

Johnson Fry Slater Growth	1,533
Gartmore UK Smaller Companies	1,407
HSBC Hong Kong Growth	1,375
Abbey Latin American	1,373
North West UK Smaller Cos	1,360

## BOTTOM FIVE OVER 1 YEAR

Did Mutual Thailand Acc	499
Save & Prosper Korea	563
Baring Korea	596
RAC Japanese Smaller Cos	604
Schroder Seoul	629

## Abbey Latin American



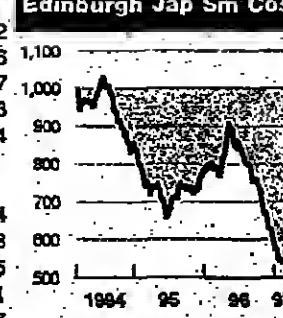
## TOP FIVE OVER 3 YEARS

PM North America Growth	1,882
Hill Samuel US Smaller Co's	1,866
Jupiter European	1,837
Proffitt Technology	1,833
Framlington Health	1,854

## BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	434
Govett Japan Strategy	433
Five Arrows Japan Smaller Cos	465
Fidelity Japan Smaller Co's	501
Edinburgh Japan Smaller Cos	527

## Edinburgh Jap Sm Cos



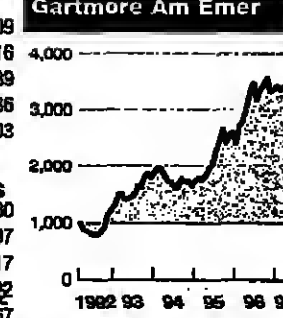
## TOP FIVE OVER 5 YEARS

HSBC Hong Kong Growth	3,709
Mercury Gold & General	3,616
Jupiter Income	3,439
Hill Samuel UK Emerging Co's	3,436
Bartmore American Emer Gth	3,403

## BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	780
Govett Japan Strategy	797
Fidelity Japan Smaller Co's	817
Barclays Uni Japan Inc	822
M&G Japan & General Acc	867

## Gartmore Am Emer



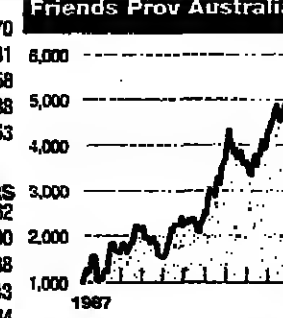
## TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	6,370
Hill Samuel US Smaller Co's	6,031
Gartmore Hong Kong	5,658
RAC US Small Companies	5,488
Friends Prov Australia	5,253

## BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan Inc	562
Mercury Japan	700
M&G Japan & General Acc	738
Waverley Australian Gold	743
Henderson Japan Smaller Cos	784

## Friends Prov Australia



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

## Indices

Index	1994	1995	1996	1997	Volatility	Yield
Average Unit Trust	1069	1201	1287	2384	3.2	2.5
Average Investment Trust	1185	1255	2133	2383	4.6	4.5
Bank	1032	1112	1217	-	0.0	4.3
Building Society	1031	1113	1228	1868	0.0	4.0
Stockmarket FTSE All-Share	1222	1478	2136	3040	3.0	3.5
Unit Trusts	1029	1089	1139	1535	0.4	-

## UK Growth

Index	1994	1995	1996	1997	Volatility	Yield
Johnson Fry Slater Growth	1535	1837	2536	-	3.8	0.9
Jupiter UK Growth	1202	1786	2656	-	3.3	1.8
Perpetual UK Exempt	1181	1607	2864	-	2.8	2.2
Credit Suisse Fellowship Inc	1140	1582	-	-	3.2	1.1
Sanwa UK Growth	1109	1538	2122	-	3.1	1.8
SECTOR AVERAGE	1148	1329	1973	2348	3.1	1.8

## UK Growth &amp; Income

Index	1994	1995	1996	1997	Volatility	Yield
Perpetual Income	1174	1488	2428	2885	2.8	2.8
Fleming Select UK Income	1240	1483	2127	2684	3.1	3.4
Fidelity UK Dividend Growth	1167	1477	-	-	3.1	2.3
Lazard UK Income & Growth	1148	1456	2007	2631	3.0	4.1
Gartmore UK Index	1221	1461	2003	-	3.1	3.0
SECTOR AVERAGE	1140	1307	1886	2511	3.0	2.7

## UK Smaller Companies

Index	1994	1995	1996	1997	Volatility	Yield
Gartmore UK Smaller Companies	1407	1807	2482	2806	3.5	0.2
Laurence Keen Smaller Cos	1245	1775	-	-	3.2	1.1
AES Smaller Companies	1214	1691	2365	-	3.2	0.8
INVESTCO UK Smaller Companies	1278	1688	2717	2477	4.1	1.1
Schroder Smaller Companies Inc	1314	1801	2407	2526	3.2	1.0
SECTOR AVERAGE	1130	1281	2064	2286	3.1	1.4

## UK Equity Income

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter Income	1222	1774	2438	-	2.9	4.0
Lazard UK Income	1168	1494	2214	2223	2.9	4.5
BWD UK Equity Income	1208	1441	2222	2571	3.0	3.5
River & Mercantile 1st Income	1173	1436	2227	-	3.0	4.0
Royal Life High Income (Dis)	1168	1416	2050	2255	2.8	3.8
SECTOR AVERAGE	1130	1275	1968	2550	3.0	4.5

## UK Equity &amp; Bond Income

Index	1994	1995	1996	1997	Volatility	Yield
Cazenove UK Equity & Bond	1134	1303	-	-	3.3	6.2
Proffitt Extra Income	1115	1289	1825	2442	2.6	4.5
Old Mutual Retirement Income Inc	1120	1268	1885	-	2.4	5.5
CIS UK Income	1118	1250	1850	-	2.5	4.1
CU PPT High Yield	1167	1249	1929	2782	3.1	5.4
SECTOR AVERAGE	1098	1185	1795	2143	2.4	5.4

## UK Eq &amp; Bd

Index	1994	1995	1996	1997	Volatility	Yield
BWD Balanced Portfolio	1233	1516	2350	-	3.2	1.2
Perpetual High Income	1159	1422	2430	-	2.4	3.2
Credit Suisse High Income Port	1110	1383	2286	-	2.8	4.0
Henry Cooke Balanced	1094	1347	-	-	2.4	-
NPI UK Extra Income Inc	1123	1345	2160	-	2.6	3.0
SECTOR AVERAGE	1122	1303	1997	2487	2.7	3.2

## Gift &amp; Fixed Interest

Index	1994	1995	1996	1997	Volatility	Yield
Thomson Preference Inc	1090	1241	1782	2356	1.8	8.2
Britannia Gift & Fixed Int Inc	1088	1203	1370	-	1.6	8.1
Abnvest Fixed Interest	1186	1184	2227	2805	2.0	8.7
Henderson Preference & Bond	1138	1187	1586	2173	1.5	8.1
M&G Gift & Fixed Interest	1140	1178	1468	1814	2.1	8.4
SECTOR AVERAGE	1078	1113	1473	2021	1.8	8.5

## International Equity Income

Index	1994	1995	1996	1997	Volatility	Yield
GT International Income	1093	1294	2098	2722	2.5	2.6
Martin Currie Int'l Income	1122	1259	2063	-	2.6	2.9
GEM Dolphin Int'l Gth & Income	1102	1237	1872	1843	2.8	2.2
M&G International Income	1065	1223	1922	2523	2.4	4.3
Mayflower Global Income	1078	1221	1856	2082	2.8	4.1
SECTOR AVERAGE	1088	1195	1883	2215	2.7	3.3

## International Fixed Interest

Index	1994	1995	1996	1997	Volatility	Yield
Baring Global Bond	1055	1185	1673	-	1.6	6.2
Mercury Global Bond Acc	1003	1139	1492	-	1.7	4.8
Barclays Uni European Bond Inc	1071	1134	-	-	1.2	5.9
Old Mutual Worldwide Bond Inc	1008	1117	1418	-	2.0	5.0
TSS International Income Inc	991	1105	1435	-	1.7	4.8
SECTOR AVERAGE	998	1035	1366	1646	1.8	5.3

## International Equity &amp; Bond

Index	1994	1995	1996	1997	Volatility	Yield
Cazenove Portfolio	1088	1322	1974	-	2.1	2.1
Bank of Ireland Ex Mgd Growth	1082	1320	1962	-	2.4	2.9
Gartmore PS Long Term Balance	1120	1289	1960	-	2.5	2.8
NPI Worldwide Income Inc	1068	1262	1785	-	2.5	1.5
Bailie Gifford Managed	1083	1257	1765	-	2.5	2.6
SECTOR AVERAGE	1064	1180	1880	2221	2.3	2.5

## International Growth

Index	1994	1995	1996	1997	Volatility	Yield
Proffitt Technology	959	1883	3358	4812	6.4	-
Framlington Health	996	1854	2335	-	7.0	-
Save & Prosper Growth	1198	1802	2821	3605	3.1	1.7
Guinness Flight Global Privt	1204	-	-	-	-	1.1
Henderson Global Technology	822	1434	2401	3869	6.0	-
SECTOR AVERAGE	1061	1165	1820	2243	3.3	1.0

## Nth America

Index	1994	1995	1996	1997	Volatility	Yield
PM North America Growth	1111	1382	2074	4193	4.7	0.0
Hill Samuel US Smaller Co's	1168	1966	2916	6031	5.3	-
Edinburgh North American	1208	1844	3012	3275	3.5	0.6
Royal Life United States	1177	1781	2852	3566	3.4	0.3
Allied Dunbar America Spec St	1172	1780	2427	3566	3.6	0.0
SECTOR AVERAGE	1105	1459	2169	2891	4.0	0.5

## Europe

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter European	1298	1937	3179	-	3.4	0.2
Baring Europe Select	1275	1844	2781	3087	3.5	0.8
INVESTCO European Growth	1293	1755	3018	3111	3.8	-
Friends Prov European Gth	1197	1709	2436	-	2.7	-
Allied Dunbar European Growth	1241	1706	2836	2733	3.7	0.1
SECTOR AVERAGE	1140	1387	2078	2681	3.0	0.8

## Japan

Index	1994	1995	1996	1997	Volatility	Yield
GT Japan Growth	888	882	1251	1471	3.2	-
Martin Currie Japan	833	822	1490	-	4.7	-
Hill Samuel Japan Technology	755	816	1445	1857	5.4	0.5
Murray Japan Growth	791	803	-	-	4.3	0.2
Schroder Tokyo Inc	797	788	1485	2144	4.6	-
SECTOR AVERAGE	724	654	1091	1182	4.7	0.1

## Far East inc Japan

Index	1994	1995	1996	1997	Volatility	Yield
HSBC Hong Kong Growth	1168	1152	2356	3340	4.3	-
Govett Greater China	826	1089	2096	3406	4.2	0.3
GAM Far East Inc	871	1004	1855	3246	4.3	0.2
Thomson Oriental Income Inc	1001	1001	1915	2384	3.8	3.8
Martin Currie Far East	998	1001	1848	2408	4.4	0.2
SECTOR AVERAGE	916	910	1752	2311	4.2	0.6

## Far East exc Japan

Index	1994	1995	1996	1997	Volatility	Yield
HSBC Hong Kong Growth	1375	1514	3709	6370	6.6	0.9
GT Orient Acc	1255	1353	3357	-	6.0	0.1
Credit Suisse Orient Acc	1901	1289	-	-	6.2	-
Henry Cooke Eastern Enterprise	1178	1281	-	-	5.0	-
HSBC Singapore & Malaysia Gth	1028	1429	2563	-	6.8	-
SECTOR AVERAGE	978	1032	2232	3972	5.5	0.6

## Commodity &amp; Energy

Index	1994	1995	1996	1997	Volatility	Yield
M&G Australian & General Acc	1221	1362	2230	1928	5.3	1.7
M&G Commodity & General	1067	1303	2342	2639	4.5	0.3
Save & Prosper Gold & Expt'n	900	1168	2816	1358	8.6	-
Save & Prosper Commodity	977	1118	1854	2294	5.5	-
Mercury Gold & General	797	1080	3618	-	7.1	0.4
SECTOR AVERAGE	961	1100	2291	1863	5.8	0.5

## Best Peps

Index	1994	1995	1996	1997	Volatility	Yield
Jupiter European	1298	1937	3179	-	3.4	0.2
Baring Europe Select	1275	1844	2781	3087	3.5	0.8
Johnson Fry Slater Growth	1535	1837	2536	-	3.8	0.9
Gartmore UK Smaller Companies	1407	1807	2482	-	3.5	0.2
Jupiter Income	1222	1774	2438	-	2.9	4.0
AVERAGE UT PEP	1124	1295	1995	-	2.9	2.8

## Money Mkt

90	1241	1792	2356	1.8	8.3
98	1203	1370	-	1.6	8.1
96	1194	2227	2605	2.0	8.7
99	1187	1593	2173	1.5	8.1
10	1178	1455	1814	2.1	8.4
11	1112	1479	2001	1.9	8.2







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**FT MANAGED FUNDS SERVICE**

Field	Selling	Buying	Net	Yield	Selling	Buying	Net	Yield
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# Dow rallies on producer price data

## AMERICAS

A sign that inflation remained tame helped US shares rebound from Thursday's sharp losses, writes Lisa Brunsten in New York.

The Dow Jones Industrial Average jumped nearly 78 points in morning trading before settling back by 1 pm with a gain of 30.02 at 6,908.91. The Standard & Poor's 500 added 2.30 at 791.88. Volume on the NYSE came to 268m shares.

Technology shares also recovered some of Thursday's losses, but the Nasdaq composite, weighted toward the sector, did not match the performance of the Dow with a gain of 5.67 at 1,298.95. The Pacific Stock Exchange technology index added 0.6 per cent.

Both stocks and bonds were helped by figures showing that the producer price index fell 0.4 per cent last month, marking the first time since the autumn of 1994 that the PPI was down for two consecutive months.

The lack of inflationary pressures helped ease some of the fears that the Federal Reserve would raise interest rates at the March 25 meeting of its Open Market Committee, although Wall Street economists remained divided about the prospects for a tightening.

CANTV news lifts Caracas

Leading Latin American markets followed Wall Street higher in early trading.

CARACAS produced the sharpest bounce thanks to a strong performance from CANTV on the news that the state telecoms group is after all to be allowed to tariff through a 4.18 per cent tariff increase.

Doubts about tariff structure have left CANTV deeply depressed in recent sessions, but yesterday morning the shares bounced 125 bolivars to 2,100 bolivars.

At mid-session, the IBC index was up 175.66, or 2.9 per cent, at 6,474.03.

SANTIAGO also moved strongly ahead with the IPSA index gaining 0.69 to 116.29 at mid-session.

Dealers said news that SBC Communications of the US was in talks to merge its Chilean operations with those of Spain's Telefonica de Espana had boosted sentiment.

SAO PAULO pushed up in good two-way trading to rack up a mid-session gain on the Bovespa index of 53 to 9,367.

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# Senior bourses mount intraday recovery

## EUROPE

Bourses moved as if they were attached to Wall Street with heavy-duty elastic. FRANKFURT was going better before the US PPI data surprised US treasuries, but it accelerated its rebound to close with the Dax index 36.47 higher at an this-indicated 3,404.29, up from a day's low of 3,321.32.

The bourse had another big Friday, turnover climbing from DM15.5bn to DM16.4bn with the top six active stocks, led by Deutsche Telekom, each trading in a little over DM1bn.

Meanwhile, the dollar moved over the course of the day, from appreciation against the D-Mark to decline, and share prices moved for a number of reasons rather than around a central theme.

In carmakers, for example, Daimler's gain of DM3.75 to DM131.70 was originally attributed to the currency factor; when it changed, observers noted a traffic telematics joint venture and a favourable meeting with analysts on Thursday.

Elsewhere in the automotive sector, Volkswagen's MAN climbed DM16, or 3.4 per cent, to DM488, but profit-taking left BMW DMI.369 lower at DMI.269 after

remarkable strength earlier in the week. In engineers and steels, Mannesmann dropped DM5.45 to DM840 after talk of a German bank downsizing system after DM6.55, or 1.8 per cent, to DM349 after a less than exciting progress report.

SAP's gain of DM7.25 to DM281.75 after the software producer said at the CeBIT computer industry fair in Hannover that its first-quarter growth was on target, and after reports that General Motors of the US was weighing a "billion dollar" decision to install SAP's R/3 software system after testing it at 20 locations.

Schering, the pharmaceuticals group, closed DM4.30 higher at DM166.30 after it confirmed a dividend increase which was forecasted last November.

PARIS rebounded from the day's lows with the CAC 40 index closing up 13.52 at 2,645.62 after reaching down to 2,582.12 during the morning session.

ACF continued its recent volatile performance, sliding FFR6.50, or 3 per cent, to FFR208 after the company expressed an interest in bidding for GAN, over which Allianz of Germany was known to be casting an eye.

Talk of a possible bidding war combined with a broker downgrade - Goldman Sachs moving from market performer to market performer - was said to have sparked profit-taking.

The shares, which stood at FFR380 three years ago prior to a steep downturn for the French property market, had run up by around 25 per cent this year.

Renault drove amply higher, rising FFR7.10 to FFR139.50 ahead of next week's results. Seven CAC constituent companies report next week, including Michelin, which hardened FFR2.60 to FFR3.86 as estimates of its profits growth ranged up to 30 per cent.

Pechiney came off FFR6.30 to FFR239 after Cheuvreux downgraded the shares to a sell.

AMSTERDAM staged a U-turn along with the rest of Europe, swinging from minus 11 points on the AEX index in early trading to a gain of 8.08 to 766.06 at the close.

Heineken put in another strong showing, rising FFR5.50 to FFR338 after top of the range results to rack up a two-day gain of more than 6 per cent. Agon advanced FFR3.50 to FFR140.80 ahead of next week's results statement.

Results drove Wolters Kluwer FFR1.20 higher to FFR1.20.

downgraded the shares to a sell.

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## COMPANIES AND FINANCE

## ASIA-PACIFIC NEWS DIGEST

## Giordano builds Chinese links

Giordano International, the Hong Kong-based clothing retail chain plagued by setbacks in its Chinese operations, has added five mainland shareholders, raising HK\$196m (US\$25.3m) in the process. Mr Peter Lau, chairman, said the expansion of Giordano's shareholder base "reflects the increasingly diversified geographical base of the group's business". In 1995, China accounted for 15 per cent of the company's turnover, or half the contribution from Taiwan.

Giordano's setbacks in China began in 1994, shortly after Mr Jimmy Lai, its founder and former chairman, criticised the Chinese premier in an article in Next magazine, the Hong Kong weekly. Mr Lai is seeking to float Next on the Hong Kong stock exchange, but has been held up by potential sponsors withdrawing. For Giordano, the problems ensuing from Mr Lai's article have included the closure of stores and long delays in opening outlets in Beijing and Shanghai. However, Mr Lau said proceeds raised from the placement would be channelled into expanding operations in China.

The group placed shares representing 5.3 per cent of the enlarged share capital at HK\$4.90 each, a discount of 1.5 per cent on the previous day's close. Giordano's share price held steady yesterday at HK\$4.975 as the Hong Kong market slumped 1.4 per cent.

Louise Lucas, Hong Kong

## Liberty Life at record

Liberty Life, South Africa's third-largest insurance group, reported a record full year performance, helped by the strong pound and a robust contribution from UK operations. The operating surplus attributable to shareholders was 28 per cent higher at R1.5bn (\$341m). After an increase in the number of shares in issue, the operating surplus a share rose 25 per cent to 622 cents. The dividend increased proportionately to 320 cents a share.

Mr Donny Gordon, founder and executive chairman of Liberty, the fifth-largest holder of South African equities, described the results for 1996 as "outstanding". Contributions from property and insurance operations in the UK were buoyed by "the prosperous UK economy and an exceptionally strong British pound", he said. This had "ameliorated the disastrous impact of the depreciation of the rand against sterling".

A sharp upward revaluation of UK property interests helped increase total assets by R12.7bn to R89.5bn. Net premium and annuity considerations rose 19 per cent to R7.7bn, helped by an 18 per cent rise in new business to R4.7bn. Management expenses had risen in line with income, while benefits and claims had increased from R4.4bn to R5.5bn. But a lower tax charge, which fell from R291m a year ago to R266m, and a 35 per cent rise in income from investments in the wake of high interest rates, had lifted the operating surplus.

Mark Ashurst, Johannesburg

## Siemens likely to buy Parsons

Rolls-Royce, the UK engineering company, is expected to announce by the end of this month the sale of Parsons Power Generation Systems, its steam turbine business in Newcastle upon Tyne, in the north-east of England, to Siemens, the German industrial group. Siemens is the front-runner to buy Parsons, according to power industry executives. However, Rolls-Royce is also understood to be considering a bid from General Electric, the US electrical and engineering group.

Siemens already has a steam turbine manufacturing plant in Berlin. Siemens would retain about 800 of the 1,200 people still employed at Parsons. The plant employed about 1,700 before Rolls-Royce announced the sale last summer. Rolls-Royce has set aside £263m (\$420m) to cover the potential costs of selling Parsons and International Combustion, a smaller boiler-making business employing 700 in Derby.

Stefan Wogstyl and Chris Tighe

## NAB to issue 'ExCap' units

National Australia Bank, Australia's largest commercial bank, is to be the first bank to issue "exchangeable capital units". Holders of the "ExCap" units are entitled to exchange these into ordinary shares in NAB or, at NAB's election, a cash equivalent. They are also exchangeable at the bank's option into non-cumulative preference shares, which the holder can convert into ordinary shares.

The overseas offering will be worth up to US\$1bn. NAB outlined the fundraising plans last November, when it announced it was working with an international investment bank on a capital instrument which could raise up to US\$750m. Yesterday, NAB said it had raised the size of the issue to meet demand, and that the gross proceeds would be US\$875m, rising to US\$1bn if underwriters exercise their over-allotment options in full.

NAB said yesterday that it saw the "ExCaps" as an efficient capital management tool. One advantage is that the units will count as "tier 2" capital on issue, but if exchanged into preference shares will become "tier 1". It is also seeking to broaden its investor base. Its banking business now spans the US and the UK, as well as Australasia. Lead manager on the issue is Merrill Lynch, and it is expected to close on Wednesday in New York.

Nikki Tsai, Sydney

## Japanese bankruptcies rise

The number of Japanese corporate bankruptcies with liabilities of at least ¥10m (\$81,400) rose by almost 10 per cent year on year in February to 1,218, the highest February figure for 11 years. Teikoku Databank, a credit research agency, reported yesterday. It was the fifth consecutive month in which the number of insolvent companies exceeded 1,200. However, at ¥726bn, the total value of liabilities showed a decline of 13.3 per cent from last year's record figure, although it was still the second highest February total.

Teikoku Databank attributed the high incidence of failure to banks' increasing reluctance to help restructure debt-strapped companies and the impact on smaller companies' earnings of intensified price competition.

Jonathan Annells, Tokyo

## Creditanstalt Investment up

Creditanstalt Investment Bank, one of central Europe's leading investment banks, more than tripled its profits on ordinary activities to Sch287m (\$22.3m) in 1996. The group's revenues, which were increased by the transfer of some operations from Creditanstalt, its commercial banking parent, more than doubled to Sch82m. Operating costs rose from Sch280m to Sch665m. The group's net profits, which increased from Sch12m to Sch197m, were inflated by one-off profits on asset disposals.

During the year, it completed 19 capital market transactions valued at \$13bn and 15 corporate finance deals worth \$500m. It added operations in Russia and Zagreb to its network of offices in Bratislava, Bucharest, Budapest, Ljubljana, Prague, Warsaw, Sofia, London and New York. CAIB's staff grew 69 per cent last year. Nearly three quarters are based outside Austria.

Since it was established in 1988, CAIB has produced an annual average return on equity of 31 per cent. However, the company's future is in some doubt because its parent is being acquired by Bank Austria, which has its own investment banking operation. Bank Austria is expected to give more details about CAIB's future at its press conference on Monday.

William Hall, Zurich

SFA told move was similar to later mistake that it is investigating

## Warburg duplicated trade error

By William Lewis, Investment Correspondent

Traders at SBC Warburg, the investment bank being investigated for a \$200m programme trade which went wrong in October, made a similar mistake just days before when carrying out another programme trade.

The Securities and Futures Authority, the City of London regulator investigating SBC Warburg, has been informed of the earlier error.

This week it emerged that the SFA is investigating how the prices of several European shares fell sharply in October when SBC Warburg executed a series of share

sales on behalf of Kleinwort European Privatisation Investment Trust.

Yesterday it emerged that SFA investigators have been told SBC Warburg traders also apparently mishandled a programme trade contract awarded to the investment bank by IAI, a fund management company owned by Lloyds TSB Group, to buy and sell shares at a specific time, known as the strike time.

The SFA has been told that ahead of the strike time SBC Warburg traders bought some of the same shares they were about to buy for IAI, a process known as "going long" to reduce the

risks associated with the deal. This caused the price of at least one French stock to increase substantially and meant that at the strike time, at least one of the stocks bought by SBC Warburg for IAI cost more than it would otherwise have done.

Because the share price had moved so far upwards by the strike time, SBC Warburg offered to charge IAI as if the shares had been bought earlier in the day when they were cheaper.

SFA investigators have been told by SBC Warburg traders that going long and selling short ahead of programme trades to reduce

risk are acceptable practice at the investment bank.

Traders have told investigators they try to ensure share prices do not increase or decrease by more than 2 per cent ahead of the strike time. If the prices change more than that, then SBC Warburg is likely to offer to pay clients the amount they would have got if the strike price had been earlier.

"We've gone back on, you know, immediately after the trade and sort of realising that a price is not really reasonable we've told the client, you know, this is the price that you should be filled at, however we have agreed to do it at a better level," SFA

investigators have been told by a former SBC Warburg trader.

SBC Warburg refused to comment on the IAI trade. In the week the investment bank said in connection with its bid to win the Kipit programme trade it had "sought to sell into the market" and this had "contributed to adverse price movements in some of the shares in the portfolio concerned".

SBC Warburg's mishandling of the Kipit trade on October 30 first came to the attention of the SFA through some of its officials who, by coincidence, were making spot checks at the investment bank on the same day.

## Ford link with Cellnet project

By Alan Cane

The sudden and unexplained departure this week of Mr Howard Ford, managing director of UK-based Cellnet, was linked with the feared collapse of a £100m computer project believed to be key to the mobile phone operator's future.

Neither Mr Howard nor British Telecommunications, which holds a majority stake in Cellnet, would comment at the time of his resignation, except to say his departure was amicable and by mutual consent. It is understood both sides have agreed to a three months silence on the issue.

Cellnet staff working on a £100m (\$159m) computer development called Project Force which is central to Cellnet's future, however, said problems with the project were a large factor in Mr Ford's departure.

Force is a sophisticated billing and customer care system designed for Cellnet's service providers. These are third party organisations responsible for selling air time to customers and for managing billing and cash collection.

Billing systems are critical to the effective operation of any telecoms operation. Force was designed to enable Cellnet to offer an advanced system to its service providers.

New features would have included call traffic analysis. The service providers would in return have been expected to tie themselves more closely to the network operator.

The project, which is being carried out by a US consultancy, American Management Systems, is in trouble. Morale is low and key staff are already seeking other jobs.

Cellnet yesterday refused to comment except to say that development was continuing in conjunction with AMS.

Insiders say, however, that the project may have to be abandoned and a new system created from scratch.

AMS warned two weeks ago that it was reducing by \$18.3m its net income for 1996 because of its "continuing efforts to try to reach agreement with a non-US telecommunications client on a major program".

Yesterday, neither AMS nor Cellnet would agree the program in question was Project Force.

Friends of Mr Ford, who came to Cellnet from IBM, say he is in the US at present and is considering a range of job offers.



Powe move: Nick Salmon returns to the Anglo-French venture as managing director

## Babcock chief resigns to rejoin GEC Alsthom

By Tim Burt

Babcock International, the UK engineering and facilities management group, yesterday said Mr Nick Salmon was resigning as chief executive to rejoin GEC Alsthom, the Anglo-French power engineering joint venture.

Mr Salmon - who came to Babcock in 1993 - will become managing director of the joint venture's power generation division.

Mr John Parker, Babcock executive chairman, expressed regret at the departure but insisted it did not reflect any differences over strategy at the UK engineering company. "We have agreed a clear strategy to deal with our underperforming businesses."

Analysts expect Babcock to restructure and then sell its process division, mainly serving the oil and petro-

chemical industry, and its Africa division, its power and materials handling business in southern Africa.

Those two operations lost £2.1m and £1.82m respectively in the first half of last year. Babcock may also review its commitment to its environmental engineering arm, which lost £2.45m in the first half.

"Those losses in three out of our five divisions still have to be resolved," said Mr Salmon, 44, who is leaving the group in June.

He declined to disclose the value of his remuneration package at GEC Alsthom, describing it only as "comfortable". Before joining Babcock, he was deputy managing director of the gas turbine and diesel arm of GEC Alsthom's power generation division.

Following his departure, Mr Parker will temporarily

combine the roles of chairman and chief executive while the company seeks a successor. Headhunters have been appointed but Mr Parker said the process could take several months.

He also announced yesterday that Mr Erik Porter, Babcock's finance director, was planning to retire at the end of this year. A successor to Mr Porter, 57, is expected to be announced shortly.

Despite the prospect of a boardroom upheaval, Mr Parker said Babcock could rely on a strengthened executive committee comprising its divisional managing directors and a new director of business development. Mr Alex Marsh, former managing director of Swan Hunter, the warship builder, has been appointed to fill that position.

Babcock shares fell 1 1/2p to 57 1/2p in thin trading.

## Wickes discusses disposal

By Ross Timman

Discussions are continuing between Wickes, the loss-making DIY retailer, and the potential buyer of its 39 stores in continental Europe.

Mr Bill Grimsey, the new-broom chief executive seeking to restore the UK group's fortunes after the discovery last summer that past profits had been overstated, said he remained hopeful that a disposal could be achieved. "We are currently talking to one party," he said.

The disposal would help Mr Grimsey and his team with their plan to achieve a profit recovery by 1998.

Negotiations with the buyer - who has not been named - were revealed as the group announced that the continental operations lost £12.8m at the operating level in 1996, contributing to

a group-wide operating loss of £37m. At the pre-tax level, the group lost £55.7m, far short of the £58.2m rescue rights issue.

The underlying loss at the continental stores was £2.77m, on sales of £106m. About half are in Belgium and trade successfully.

Sales at the UK stores, which recorded an underlying loss of £7.63m on sales of £450m, were progressing well, Mr Grimsey said. Aided by 18 openings in the first half sales during the first nine weeks of 1997 were 22 per cent ahead of the same period in 1996. On a like-for-like basis the rise was 13 per cent.

Mr Grimsey said costs had been reduced by \$5m a year, and "modest" volume rebates from suppliers were now booked after goods were

sold. Losses per share were 13.5p. There is no dividend.

## COMMENT

Disposal of the continental operations would be a relief for Mr Grimsey and his untried team at Wickes. That would leave them free to concentrate on pushing up sales in the core business and stemming losses. Cost cutting will help, together with proper stock management. But the best hope for Wickes is an upturn in demand for DIY goods arising from the pick-up in the UK housing market. There are signs that this is beginning to feed through. But with no profits likely before 1998, it is only the possibility of a bid that enables the shares, up 1 1/2p to 153p, to continue defying gravity. Bona fide investors should steer clear.

## Rental decline slows Bilton

By Michael Lindemann

A fall in rental income held back profits at Bilton, the property and civil engineering company, last year.

Rental income dropped 3.2 per cent from £25.2m to £24.6m. This left the pre-tax figure only 1.6 per cent up, at £18.5m, despite a property sale.

The company said rental levels in 1996 did not increase "to the extent forecast" but "there are positive signs that levels are continuing to improve".

Bilton's civil engineering division, which includes plant hire and housebuilding, increased its sales slightly from £10m to £10.2m. However, Mr Geoffrey

Hirst, joint managing director, declined to give any details about the division's profits.

He said prospects for the civil engineering business were not good because of lower government and local authority spending.

The value of the property portfolio, which is assessed by the company's directors, fell from £306m to £294.1m. One property had been sold, Mr Hirst said, and Bilton had undertaken some demolition work in preparation for development.

The company had been able to pre-let all its developments, reflecting a more positive economic climate. "Industrialists are planning ahead," he said.

Bilton's net asset value per share fell from 315p to 312p. The shares edged up 1/2p to 282 1/2p.

Earnings per share rose 2.6 per cent from 14.31p to 14.62p.

A final dividend of 7.7p (7.44p) is payable, making a total of 10.59p, up 2.5 per cent from a year ago.

## COMMENT

Even by Bilton's standards yesterday results are indifferent. Pre-tax profits this year are due to fall to about £18m while the net asset value, set internally, is likely to rise slightly to some 325p. Bilton's shares trade at a near 16 per cent discount to net asset value and are likely to continue doing so.

Recommended Cash Offer by

JPMorgan

on behalf of

INTERIM SERVICES (UK) PLC

a wholly-owned subsidiary of Interim Services Inc.

to acquire

MICHAEL PAGE GROUP PLC

Morgan Guaranty Trust Company of New York ("J.P. Morgan") announces on behalf of Interim Services (UK) PLC ("Interim Services (UK)") that, by means of this advertisement and a formal offer document dated 14 March 1997 (the "Offer Document"), J.P. Morgan is making an offer (the "Offer") on behalf of Interim Services (UK) to acquire all of the existing issued and fully-paid ordinary shares of 2 pence each (the "Ordinary Shares") in Michael Page Group PLC ("Michael Page").

The Offer is 500 pence in cash for each Ordinary Share.

Michael Page shareholders will also be entitled to retain the proposed final dividend of 7p (net) in respect of the year ended 31 December 1996, which is proposed to be paid on 23 May 1997 to those shareholders on the register at close of business on 1 April 1997.

Instead of some or all of the cash consideration of 500p per Michael Page Ordinary Share which would otherwise be receivable under the Offer, accepting Michael Page shareholders (other than certain overseas shareholders) will be entitled to elect to receive Loan Notes to be issued by Interim Services (UK) on the basis of £1 nominal of Loan Notes for every £1 of cash consideration under the Offer (the "Loan Note Alternative"). The Loan Notes will only be issued if Michael Page shareholders elect for at least £10 million in aggregate nominal value of Loan Notes.

Interim Services (UK) is a newly incorporated company established for the purpose of implementing the Offer and is a wholly-owned subsidiary of Interim Services Inc. ("Interim Services Inc.").

The full terms and conditions of the Offer and Loan Note Alternative are set out in the Offer Document. The Offer and Loan Note Alternative are, by means of this advertisement, extended to all persons to whom the Offer Document may not be despatched. Such persons are informed that copies of the Offer Document and Forms of Acceptance are available for collection from the receiving agent, The Royal Bank of Scotland plc, Registrars' Department, New Issues Section, PO Box 859, Canaroot House, East Street, Bedfordshire, Bedford, MK43 1JZ and The Royal Bank of Scotland plc, Registrars' Department, New Issues Section, PO Box 633, 5-10 Great Tower Street, London EC3R 8EP and from J.P. Morgan at 60 Victoria Embankment, London, EC4Y 0JP.

The Offer and Loan Note Alternative will initially be open for acceptance until 3.00 p.m. on 4 April 1997. The Offer and Loan Note Alternative are not being made, directly or indirectly, in or into the United States, Canada, Australia or Japan, by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facility of a national securities exchange of, any of those jurisdictions and the Offer and Loan Note Alternative cannot be accepted by any such use, means, instrumentality or facility or from within those jurisdictions.

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The directors of Interim Services (UK) accept responsibility for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.

15 March 1997



## Nomura Securities chief quits over gangster case

By Jonathan Ansell in Tokyo

Mr Hideo Sakamaki, the president of Nomura Securities, stepped down yesterday after taking responsibility for improper deals by two former managing directors which involved a client with ties to a *sokaiya* racketeer.

Mr Sakamaki, 61, also resigned from the board of directors but will assume the post of counsellor. He was replaced as president for the time being by Mr Masashi Suzuki, who also retains the Nomura chairmanship.

Mr Sakamaki's resignation was not unexpected. He had indicated his readiness to go on March 7, the day after the company admitted to "apparently irregular" payments over a three-year period to a corporate client that was subsequently revealed to be run by the brother of a *sokaiya* gangster. The *sokaiya* extort money, by threatening to disrupt shareholder meetings. Paying them off is illegal under Japan's commercial code.

Mr Sakamaki insisted "there is absolutely no possibility" that Nomura Securities, as a company, was implicated in illegal trades.

Mr Suzuki said he understood that only the two former



Masashi Suzuki, left, and Hideo Sakamaki bow after a press conference yesterday. Photo: AP

managing directors who resigned in disgrace on Monday, Mr Shinsuke Mitsuoka and Mr Nobutaka Fujikura, were involved in the illicit deals.

Moody's Investors Service, the credit rating agency, downgraded the outlook on Nomura's debt from stable to negative, citing the challenge of strengthening management control, restoring Nomura's reputation and regaining business momentum.

Since the scandal broke, a number of investment management companies and trust

banks, including the broker's affiliate, Nomura Investment Management, have suspended the placement of new business. Toyota said it would review its ties in the light of the SEC's investigation, and NTT warned it "may have to take some measures" against Nomura, lead manager for many of its bond issues.

Mr Suzuki said he would consider handing over to a new president once the SEC's probe was completed.

He added that the company was now considering measures

to heighten awareness of compliance - to prevent a recurrence and to strengthen the in-house system of checks for dubious trades.

Yesterday Mr Sakamaki apologised that his resolve to "discharge our duty towards the market" - when Nomura had made a new start after the previous scandal - came to nothing.

Nomura's shares, which traded at ¥1,580 before the scandal broke on March 6, closed unchanged on the day at ¥1,580.

## 'Fraud' costs Belgian bank \$100m

By Neil Buckley in Brussels

Crédit Lyonnais Belgium yesterday said it had fallen victim to a BF3.5bn (\$100m) fraud allegedly committed by a single employee with links to a "well-organised international network of fraudsters".

The Belgian subsidiary of France's largest bank said it had estimated the theft at BF3.5bn when it was uncovered earlier this week, but an in-depth investigation had found it to be four times that.

Amounting to more than five times the bank's 1995 net profits of BF628m, the fraud is one of the largest ever experienced by a Belgian bank. But CLB insisted it would not hit earnings or have any impact

on its French parent. It would not affect profits, it said, because much of the money had been traced and blocked - and any untraceable funds would be "largely" covered by insurance.

The bank said the funds were embezzled by a female employee of 30 years' standing in its office in Ghent, in Dutch-speaking Flanders.

The employee, described by bank insiders as "very smart" and an accounting expert, is alleged to have siphoned off funds from foreign exchange and treasury transactions. She covered her tracks by forging signatures and switching money around a "carousel" of internal accounts.

"The turnover of the bank is

BF100bn a day," said Mr Philippe Cloës, CLB chairman. "If the employee was hiding BF25m, nobody would see it for a while."

The employee is alleged to have channelled funds into accounts and companies controlled by her husband.

Bank inspectors confronted the woman on Tuesday and she was arrested by Belgian police for suspected theft and forgery. Her husband was also arrested on suspicion of receiving stolen goods.

Mr Cloës claimed yesterday he had "serious indications" that the woman's husband was linked to an "international network of fraudsters".

The fraud is another blow to the image of Crédit Lyonnais,

whose parent group is expected shortly to seek approval for a FF300m rescue package from the French government.

But CLB insisted the theft had "absolutely nothing to do" with its French parent's problems. The chairman added that the theft involved the bank's own funds, with no customer accounts affected.

Mr Cloës insisted that the bank, which was owned by Chase Manhattan before being acquired by Crédit Lyonnais in 1989, had inherited tough internal controls from its former US parent.

These had been praised by auditors and Belgium's Banking and Finance Commission, but will now be re-examined, he said.

### THE LEX COLUMN

## Heinz's catch-up

Will its long-awaited \$650m restructuring programme put the beans back into Heinz? Volume growth, profits and share price performance at the US food group have certainly been disappointing over the past three years.

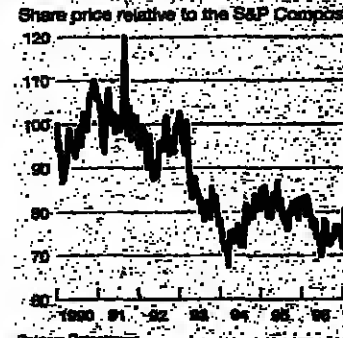
At first sight yesterday's plans look pretty comprehensive. Heinz intends to reduce its workforce by 6 per cent, close 25 plants and sell off at least four of its 50 business units. It made a good start with an agreement to dispose of Ore-Ida frozen potatoes, a notable underperformer, for \$500m. The cuts should yield cost savings of \$150m in 1998 and the group also believes it can squeeze \$300m out of working capital over the next 12 months.

Unfortunately, the promised benefits for the bottom line are rather less exciting. Even after all this reorganisation Heinz reckons it will only be able to grow earnings at 10-12 per cent a year - not much more than the US market average. Meanwhile, it warned that sales in its fourth quarter to the end of March would be flat compared with a year ago.

The trouble is that the group is too heavily exposed to commodity markets and to mature economies in the US and Europe. Given its strong brands, a takeover is always a possibility, but with a market value of nearly \$16bn, Heinz is too big to swallow for all but a handful of international giants.

FTSE Eurotrack 200:  
2209.4 (-3.1)

Share price relative to the S&P Composite



being sold to counterparties at an informational disadvantage. But this is not as worrying as it looks. After all, the same number of shares will be sold whether a broker gets its own selling in first or not. Initial buyers are bound to suffer whoever they buy from.

It is the client which is the real potential victim. Ah yes, SBC might argue, but so long as its client is alive to what is going on, can it not simply take account of the effects in negotiating its payment? Well, perhaps. But many clients will surely lack the expertise needed to handle these complexities. And in any case, it is difficult to see what even a really switched-on and powerful client has to gain from allowing its broker to play such games.

### Programme trades

SBC Warburg's various mishandled programme trades are inevitably an embarrassment for the investment bank. But just as odd is the suggestion that what SBC was attempting to achieve is normal practice. Take, for instance, the \$300m programme trade on behalf of Kleinwort European Privatisation Investment Trust. The idea was that SBC should accept Kept's shares in return for a payment linked to the market price at a particular moment. That much is standard. What has raised eyebrows is that SBC - on its own behalf - was selling the same shares into the market immediately beforehand. Even had this selling not got out of hand, the effect would have been to depress the price of the shares - and hence the payment SBC would have to make to Kept.

At first sight, this does not seem exactly fair. When a broker pre-sells in the market, knowing a big block trade is on its way, the shares are

### United News & Media

United News & Media has had a frantic start to life. In the eight months since the merger with M&L, chief executive Lord Hollick has sold businesses worth \$300m, made \$750m of acquisitions, launched an extensive restructuring programme and strengthened his management team. Even so, underlying profits grew by a very reasonable 12 per cent last year. That helped the shares, which have underperformed the market since the merger, rise 4 per cent.

Despite all the activity, Lord Hollick is still sitting on top of a very uneven portfolio. United has some excellent businesses with strong market positions in UK broadcasting, trade magazines and exhibitions - beefed up with the \$390m acquisition of Blenheim - and US periodicals. This month sees the launch of Channel 5 and, further

out, a full takeover of HTV would reinforce the group's position in terrestrial television.

But there are problem areas too, principally Express Newspapers and money broking. While United is investing heavily in the former and the latter is undoubtedly well-run, in both cases it may simply be a question of how best to manage their decline.

In an ideal world, United would simply sell these two businesses. In practice, it is hard to imagine many willing buyers, while the cash generation of the money broking arm will come in handy - particularly in 1997 as the group spends on its restructuring programme.

Lord Hollick's drive to create a fast-growing media empire has some way to go.

### BZW/Northern

BZW can draw one crumb of comfort from the UK Takeover Panel's final verdict on last year's Northern Electric saga. The panel does clear BZW of deliberately concealing its controversial entitlement to a \$250,000 performance fee when it sought permission to buy Northern shares in the market. But that is modest consolation. BZW's failure to volunteer its entitlement to the payment may not have been sinister but it was certainly inept. And as the panel points out, it seems particularly odd that BZW repeatedly failed to question assumptions that its fee was "flat" when it was in fact no such thing.

These points may seem pernickety and their consequences may seem bizarre. Nevertheless, this was a misjudgment which, mattered; in the end, BZW's mistake lost its client its independence.

Whether such a punishment fitted the crime is, of course, debatable. But handling awkward outfits like the panel is precisely what expensive investment banks are paid for; however one looks at it, BZW got it wrong.

But what of the panel itself? Naturally, the panel does not criticise its own performance. But it remains true that, had the panel moved earlier to ban advisers' purchases in the market, none of these problems would have arisen.

And months on, the practice is still under review. If the panel really wants to lay Northern Electric's ghost, let us hope the review comes up with some compelling results - preferably in time for the next messy battle.

Companies				Markets			
Airbus Industrie				FTSE 100			
2				4984.3			
Cellnet				Yield			
21				3.64			
Liberty Life				FTSE Eurotrack 200			
21				2174.00			
Lockheed Martin				FTSE All-Share			
4				2184.01			
Merck				Nikkei			
3				77,824.84			
Nat Australia Bank				New York lunchtime			
21				Dow Jones Ind Ave			
4				6825.07			
S & P Composite				793.55			
Nomura Securities				3-mo Interbank			
24				6.5%			
Life long gilt				Jun111.5			
Rolls-Royce				US LUNCHTIME RATES			
21				Federal Funds			
4				5.5%			
SBC Warburg				3-m Treas Bill: Yld			
21				3.217%			
Sholl				Long Bond			
4				6.94%			
Siemens				NORTH SEA OIL (Argus)			
21				Brent Dated			
4				\$18.35			
United News				GOLD			
24				New York Comex (Apr)			
4				\$392.8			
Wickes				London			
21				\$392.95			

**FT WEATHER GUIDE**

**Europe today**

A disturbance will move across the British Isles into north-western and central Europe. The UK will be cloudy with rain, especially in northern areas. The south will have some sunny periods. Cloud with rain or drizzle will prevail from the Benelux and Denmark to Poland in the east and the Alps in the south. Southern Scandinavia will be cold and frosty with bright sunny spells. France will be cloudy, but mostly dry. In the south, it will be sunny from the Iberian peninsula across Italy to Greece and western Turkey. Cyprus may have some thundershowers.

**Five-day forecast**

High pressure will promote fine conditions in the Iberian peninsula, southern France and Italy, although the Pyrenees will have some rain. Southern Scandinavia and the Baltic states will be cold and bright on Sunday and Monday. Central Europe will remain unsettled. Southern England will be rather fine.

**TODAY'S TEMPERATURES**

Madrid	10	Barcelona	12	Faro	20	Madrid	21	Rangoon	28
Colomb	13	Cordoba	12	Frankfurt	15	Manila	21	Reykjavik	18
Belgrade	14	Ceasabanza	16	Geneva	18	Melita	18	Rio	33
Berlin	11	Chicago	11	Glasgow	19	Manchester	14	Roma	17
Bermuda	24	Cologne	13	Hamburg	13	Maria	31	S. Francisco	18
Bogota	19	Dakar	27	Helsinki	10	Melbourne	21	Seoul	18
Bombay	33	Dallas	14	Hong Kong	24	Miami	28	Singapore	32
Brussels	12	Delhi	28	Honolulu	28	Montreal	17	Taipei	15
Budapest	13	Dublin	14	Istanbul	14	Moscow	15	Tokyo	17
Chengdu	16	Edinburgh	14	Jakarta	32	Murich	11	Toronto	1
Cairo	26	Geneva	16	Karachi	29	Nagasaki	15	Vancouver	8
Cape Town	17	London	16	Kuwait	25	Nassau	11	Warsaw	14
		Luxembourg	12	La Paz	22	New York	11	Wellington	19
		Lyon	12	Los Angeles	22	Osaka	15	Winnipeg	15
		Madrid	18	Manila	22	Paris	15	Zurich	14
				Prague	12				

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

More and more experienced travellers make us their first choice.

**Lufthansa**

In the world of automotive component systems, Rockwell is world class.

**Rockwell**







PERSPECTIVES

The Nature of Things

# When the whistling is off key

Technology and talk are tackling the unwelcome noises of tinnitus, says Andrew Derrington

Imagine that you have just woken up in the middle of the night. The silence that envelopes you is absolute. Straining your ears, you catch a sound you have never heard before. You hear it again. Now that you realise it is there, you can hear it quite distinctly. It is an unpleasant harsh whistling that rapidly takes on a sinister note. It undoubtedly portends something dreadful about to happen to you. Either that or your brain is falling apart. You are terrified.

This could be your first experience of tinnitus: ringing in the ears. If so, it is unlikely to be your last. The sounds of tinnitus are like the creaking of a well-used staircase. The cause is far from sinister, but rooting it out and removing it is difficult or impossible.

In the case of tinnitus the cause is usually no more than minor wear and tear on the delicate and incredibly sensitive mechanisms in a part of the inner ear called the cochlea.

This is where the minuscule vibrations of molecules that constitute sounds are turned into the flickering patterns of activity of brain cells that enable us to

make sense of the world around us.

"It's a very complicated device," says Carole Hackney, head of the department of Communication and Neuroscience at Keele University, who studies how the nerve fibres from the cochlea plug themselves into the brain. "Anything that knocks it even slightly out of kilter could easily cause you to hear things."

Unfortunately, like so many of the bodily processes of wear and tear we have no way of reversing the ones that give rise to tinnitus. In fact, we do not really know where to begin. "We still don't know enough about the mechanisms of the cochlea to know where tinnitus arises," says Hackney.

Fortunately, tinnitus sufferers can be treated even though we do not know how the sounds that trouble them originate. The problem, according to Jonathan Hazell, head of the RNID Medical Research Unit at Middlesex Hospital in London, is that people who find tinnitus troublesome perceive the sounds to be a threat.

Hazell says "about 35 per cent of people who experience tinnitus do not find it intrusive, disturb-

ing or anxiety provoking". The problem for the remainder is that the brain pathways that process sounds have very strong links with a region of the brain called the limbic system, which is concerned with emotional responses and with motivation and learning.

Sounds are extremely potent triggers for emotional responses,

**Sounds are extremely potent triggers for emotional responses**

particularly anxiety and fear. The trigger may be innate, for example when the sound of an approaching predator signals to an animal that it must flee for its life. But anyone who has heard the screech of brakes as they start to cross a busy road will know that the ability to trigger an emotional response can be acquired, and can even change according to circumstances.

When patients first experience

it, tinnitus should have no innate capacity to trigger an emotional response, Hazell says. However, they will probably be suspicious of it and may well see it as a threat.

These negative perceptions are exacerbated by unsympathetic medical advice and by media horror stories, says Ross Coles of the MRC Institute for Hearing Research in Nottingham.

Coles and Hazell are members of a working group that has drawn up guidelines for general practitioners on how to advise tinnitus patients. The latest development is Tinnitus Retraining Therapy, developed in the US by Pawel Jassem of the University of Maryland Medical School, and developed in this country by Hazell.

TRT consists of a judicious mix of technology and talk. The patient has a full hearing test and is fitted with an aid to correct any hearing loss and with a white noise generator, a device that makes a constant low-level sound against which the tinnitus is heard. Hazell's theory is that the noise keeps the brain circuits that recognise sounds active and makes it easier to reprogramme them so that the tinnitus will not be detected.

However the most important part of TRT is the specialised counselling and relaxation therapy that helps patients to reduce stress and anxiety, and to learn that tinnitus does not herald disaster. They can then learn to ignore it, as they would any other unimportant sound.

Between 70 and 80 per cent of patients treated with TRT get better over about two years, according to Catherine McKinnley, an audiological scientist at Middlesex Hospital. About 20 per cent of patients can be cured completely, becoming unable to hear their tinnitus.

However, although everybody who works on tinnitus agrees that counselling is the most effective treatment at present, there is a strong push to understand the basic mechanisms so that we can treat the causes of tinnitus rather than its effects.

Coles sums it up: "Ultimately we would like a pill," he says.

*The author is professor of psychology at the University of Nottingham.*

*New Developments in the Management of Tinnitus, British Tinnitus Association, 1997, tel: 0114-279 6800.*



Threatening sounds: the spiral cochlea, the organ of hearing

Minding Your Own Business

## Tuning in to the old piano market

Clive Fewins reports on a company striving to maintain rare skills, 'British integrity' and make its first profit



(From left) Chris Wilcox, Peter Freke and Eddie Griffin are all hoping to strike the right sales note

After a long, hard day at his managerial desk Peter Freke often waits for his staff to go home, swaps his suit for a pair of overalls, then descends to the carpentry shop to experiment with the styling of the latest model of upright instrument to come from Woodchester Pianos.

As well as being managing director and company secretary of the 33-man enterprise Freke, 56, is also a member of the design team and one of the three-strong sales force at the business based in Stroud, Gloucestershire.

He spends six to eight weeks every year in south-east Asia and Australasia developing new markets for the company, which celebrates its third birthday this month.

The business is run from an old mill complex near Stroud, which for 82 years was the home of the Bentley Piano Company.

In early 1993, Bentley Pianos ceased trading, with the loss of the entire 37-strong workforce. Freke was one of them. He was unemployed for 14 months before he managed to put together a package to form a new company.

Freke was joined in this by production specialist Eddie Griffin, also 56, and salesman Chris Wilcox, 55, now co-directors. Three local businessmen between them contributed more than £300,000 of the money needed to buy the factory and the small amount of residual equipment. One of the businessmen, Derek Layton, joined the company as chairman.

The five managed to put together a package that was accepted within 10 minutes of the liquidators' deadline.

Most of the rest of the required sum, "around £4m", was borrowed from Barclays Bank, Freke says.

Over the past three years, 20 former skilled Bentley employees have returned from various jobs, including making pies, working in plastics factories and rescuing supermarket trolleys from car parks.

There are nine different models and production is running at about 15 pianos a week. "We have the space and the machinery to double this figure if we can find the orders and the staff," says Freke.

However, if Woodchester, one of only two British-owned companies making pianos in this country, is to prosper it must overcome a number of fundamental problems.

"The British people still often prefer to buy cheap upright pianos imported from China and Korea that do not last as long as ours and do not hold their value," he says.

"Despite this and patchy sales last year we are holding our own. In our third year, 1996-97, exports will account for 41 per cent of sales. The best markets are Belgium and Singapore. Percentage wise, this is better than I had hoped."

"For several decades until the early 1980s the UK upright piano market was very steady, with 10,000-12,000 new instruments being purchased every year. Then, with the recession, there was less disposable income around and by 1994 this figure had dropped by 40 per cent."

Freke says that last year there was a slight increase. UK sales of upright pianos reached just under 6,000. "Our own slice of the UK

market is increasing slowly - but we have to fight for every sale. It will take time. Increased sales will only come through awareness of both the quality and the value that we offer."

"It will also take time to get over the message that this is a completely new range of pianos, made on new and updated equipment and to new designs."

"Piano making is never an easy option. Many of our staff came back here because they had never done any-

**Although the plant is running at below capacity there is still a dearth of skilled labour**

thing else. They have to accept wages that are lower than those they might be paid in other local industries."

Although the plant is running at below capacity, there is still a dearth of skilled labour. This could cause problems if there were a sharp upturn in the market that resulted in a sudden increase in orders.

"With piano making you cannot buy the skills needed off the shelf," Freke says. "It takes a long time to train people. And this is vital as a number of the workforce - including the three working directors - are nearing retirement age."

Freke bases the company's sales efforts on what he calls "British integrity". "There is

little else I can carry round the world with me. I can take samples," he says.

The other sales platform are quality and price. Freke is satisfied that the company can compete on both the counts. He is hopeful that UK sales will increase at the expense of cheaper Chinese and South Korean models the Woodchester piano becomes known.

"It's down to hard work and convincing people that it makes more sense to pay £500 to £1,000 more for a piano that will last 100 years longer than inferior sound imports which have much shorter life and do not hold their value," he says.

"Some imported uprights have built-in expendability. The Americans do it. It won't."

An area Freke hopes to expand is reconditioning old pianos. At present this occupies 5 to 6 per cent of turnover. "We should like to do more of it," he says.

Only by achieving great volume can the company counter the losses of the first two years. In the first year 1994-95, losses amounted to £140,000 on a turnover of £292,000. In 1995-96, turnover rose to £460,000 with loss of just under £200,000. Turnover for 1996-97 has risen to £741,000 and Freke hopes if losses will be slightly less than 1995.

"We can scale things up using the staff we have, providing we have the orders and they are of the right mix," he says.

"With a fair wind January 1998 should see us just in the black."

*The Woodchester Piano Company, Woodchester Mill, Woodchester, Stroud, Gloucestershire GL5 3NW. Tel: 01453-572571.*

Gardening / Robin Lane Fox

## An affectionate hug for our living pillars

The first spring weather has brought a flurry of long catkins on to my alders; the emerging avenues of pear trees are covered in thousands of white flower buds and there is yet more growth on the few Leyland Cypress which I have so far failed to chop down.

Alders are possibly falling prone to a deadly alder-disease. Fire blight is particularly fond of pear trees, especially when the wind has broken the tops off one or two in an avenue. There are heartening reports of a sickness among young Leyland Cypress which is proving fatal soon after they are planted in a limited space. In 10 years' time, my alders, pears and Cypress may be skeletons, unfortunate choices in the late 20th century. I will be left to have meetings with my moribund trees.

Meanwhile, Thomas Pakenham has been delighting us all with *Meetings With Remarkable*

*Trees*, which he describes so elegantly in this best-selling book. Perhaps there were scare stories of a disease for yews, cedars and beeches at various points during the centuries. The great specimens are still with us, hollowed in their centres, gargantuan in girth and partly shattered from past storms.

The old Roman poet Ennius compared an ancient grove of oak trees with venerable senators in the city. Pakenham has given us a marvellous combination of personal history, light touches of history and photographs which assemble the distinguished, if neglected, senators in our midst. It is a book which reminds all of us to look upwards wherever we happen to be.

Pakenham has a remarkable story of a recent journey to look for a yew tree mentioned by Wordsworth in his poem, "Yew Trees".

*There is a yew, the pride of Lorton's Vale, Which to this day stands single in the midst Of its own darkness as it stood of yore...*

Pakenham encountered it on a second visit behind a derelict brewery where the Pride of Lorton's Vale was still standing, bisected by a storm in the last century, but still in green leaf and unrecorded by most of its everyday neighbours. His book is a fascinating tour of such dinosaurs, including a significant proportion in his own Ireland. He tells us of the huge Cedar of Lebanon, standing near Goodwood



House, and remarks how he has seen the smaller cedars in their wild habitat in Turkey.

In parts of Greece, some of the olive trees are as old as the events which still cause conflict among historians of the ancient world. In the Holy Land, some of them were already old in Jesus's lifetime. If only trees could

write their memoirs. It is some years since I sat in the garden of a great connoisseur who taught me to hear the different voices of the silver poplar and the deeper surge of the beech. He believed that they were passing messages along the arboreal highway into central Europe.

Admirers of Pakenham's enterprise should be aware of a great, parallel enterprise which deserves continuing support. For many years, a network of tree measurers and recorders has been contributing to the Tree Register of the British Isles. About 100,000 individual trees of remarkable statistics are now collected in this patient database.

Enthusiasts are encouraged to take tape measures and access the

girth of significant specimens which they know, or encounter in their neighbourhood. Only last year an unexpected single specimen of Pistachia chinensis was found by a measurer in Scotland, near Inverness.

The register's call for data has led to the location of the oldest tree whose exact date of planting is known. Amazingly, it is a sweet chestnut, which is attested as going into the ground in 1550 at Castle Lead, near Strathpeffer. Sweet chestnuts grow more slowly in Scotland, unlike Douglas firs which are much taller over the border. The register observes two of them, one in Argyll at 212ft high, the other on National Trust property at the Hermitage in Perthshire.

There are worse ways of spending a weekend than enlisting as a tree measurer. Why not spend Saturday afternoon with your arms embracing a Monkey Puzzle? Pakenham has an admirable line of Monkey Puzzles, still to be seen at Bickton, near Exeter. The Bickton avenue was planted in 1944 and took to life near Exeter as if it were a hillside in the Andes. Bickton College has interplanted young trees into gaps left by some of the old ones which had already reached more than 90ft high.

The past 30 years have been bad for British trees. Dutch Elm disease inflicted a slaughter on some of the loveliest parts of southern England from which only a small area round Brighton remains immune. On one side the South Downs and on

the other, the Newhaven estuary, have protected a small sanctuary of mature elms which still have a living record in the Tree Register lists. Repeated gales have uprooted older senators, most famously in 1987, but on several fierce occasions since. We need books like Pakenham's and the devoted register to remind us of the venerable survivors still in our midst. Look upwards when you next see a living pillar and do not think it beneath you to give it an affectionate hug.

*The Tree Register of the British Isles is a registered charity, funded entirely by donations: details from the secretary-treasurer, Pamela Stevenson, 77a Hall End, Wootton, Beds MK43 5HP. Published by Weidenfeld & Nicolson, £25.*





**Golfers' nightmare**

'Tragedy is a word that has become almost numb in a sporting context but here was an authentic sporting tragedy'



**FT on safari**

'They had to run the gauntlet of herons and egrets lining the banks for an easy feast'



**Swift lunch**

'Money's good if it gives me four years clear to write the next book. Women? Extraordinary letters do come in...'



# The 12-carat mystery

Could two fabulous pink diamonds really have turned into worthless glass? Christian Tyler takes up the case

**T**he diamond market is like no other. It is the place where greed and ostentation, the human craving for security and love, are satisfied by the clever marketing and controlled supply of small, shiny stones. The diamond trade, relies on fashion; above all it relies on trust.

In a world of fabulous tales this story stands out as one of the strangest. It is about a dream which turned to dust and has a plot that would have delighted Somerset Maugham or Guy de Maupassant. It has brought only grief, however, to the couple who find themselves at the centre of it.

The story begins some 10 years ago when Frederique Guillemard, known to her friends as "Fred", and her husband Guy, returned to England from the Gulf where Guy had been general manager of the World Trade Centre in Dubai.

Mrs Guillemard learned that her great aunt, a lady of White Russian descent married to a Polish aristocrat and living at Chartres, near Paris, had something to give her. The gift proved to be two polished, unmounted pink stones, each about the size of a thumbnail.

Family lore had it that they were diamonds from Russia, brought out by a forebear who had been a high tsarist official in St Petersburg before the Revolution. Mrs Guillemard told friends she thought they might be quite valuable. Her husband was not so sure.

For two years or more the Guillemards did little about their new acquisition. Eventually they decided to get a valuation and were put in touch with Jeremy Richards, a diamond expert with De Beers in London and a director of the company's Central Selling Organisation, the body which dominates the world's trade in rough diamonds.

On March 9 1990, the Guillemards say, they took their diamonds to Charterhouse Street in the City of London. They were looking informal; indeed, so Guy told a friend, he had been playing tennis and was still in his trainers. They were received with some frostiness, if not downright scepticism.

But when they produced the stones, the atmosphere suddenly changed. Richards called for Paul Cheong, described as a top gemologist and an experienced diamond trader.

After the two men had examined the diamonds, according to the couple's later statement of claim, Richards pronounced one of them to be flawless and the other nearly so, that they weighed 6 carats and 5.8 carats, and that they would be the star item in any auction, of especial interest to rich collectors.

It was just possible, he cautioned, that the stones were rubies, in which case they would be worth about \$3.5m. But on March 16, the Guillemards claim, they received a written valuation on notepaper headed "Throgmorton Gem Diamonds Ltd" and signed by Richards.

It read: "The following is my estimate, subject to a grading report from a diamond grading laboratory of the value at today's market prices of the following diamonds viewed at this office on Friday, 9th March, 1990: "Two old mine cut fancy intense pink diamonds weighing together 11.95 carats: \$5,975,000."

Overnight, the Guillemards had become multi-millionaires. Or so it seemed.

Pink diamonds, once considered less desirable than the standard blue-white, have become among the most prized stones in the world. Queen Elizabeth has one, the 53-carat Williamson Pink found in Tanzania and given to her on her engagement in 1947. Madonna the pop star is said to have one,

and so, inevitably, is Elizabeth Taylor.

To give some idea of their rarity, the Argyle diamond mine in Australia, one of the world's biggest, has in the past 13 years offered for sale only eight pink diamonds bigger than 3 carats. The rarer they are, the more valuable, especially in the Middle East and Asia. Three months after the Guillemards went to De Beers, a 32-carat pink from India fetched \$6m. Last September a 3.66 carat pink from Argyle was valued by the mine at more than \$3m.

The couple's first steps were to insure the diamonds and store them at their branch of the Royal Bank of Scotland, in London's Burlington Gardens. Mrs Guillemard transferred ownership of the stones - probably for tax reasons - into a Gibraltar-registered company which she owned called Ingleby Holdings. They took on various business and personal financial commitments.

A fortnight after receiving the written valuation, the couple claim they arranged, at Richards's suggestion, to have the diamonds sent via De Beers to the Gemological Institute of America in New York for a certificate of quality as a prelude to selling them at auction. These days, collectors will not bid top prices for diamonds without a certificate from a body like the GIA.

So it was that on Friday, March 30, a Brinks-Mat van drew up at the Royal Bank of Scotland. With Mr Guillemard and his solicitors acting as witnesses the stones were taken from the vault and delivered to the security courier in a locked and sealed parcel.

The weekend passed, and then another four days. On April 6, the Guillemards say, their friend and solicitor, Christopher Dixon of Fox & Gibbons, rang Paul Cheong to find out where the diamonds had got to.

Then the bombshell dropped. Cheong told Dixon that the package had been opened by De Beers in London on the Monday, that the stones had been examined and tested there - and found to be made of glass.

Two pink diamonds worth \$6m had turned into two pink beads worth precisely nothing.

De Beers' solicitors, Linklaters & Paines, later wrote to explain that the package had in fact been opened and inspected by a Dr G. Woods before midday on the morning it had arrived. Meanwhile - perhaps even before the Guillemards got the bad news - their insurers mysteriously cancelled their policy. So not only did they have no diamonds, they could make no claim for their loss either.

The week after the fateful telephone call, the couple went to Charterhouse Street to collect "two items". Even to them, they told friends later, it seemed obvious that these "items" were not diamonds. The stones felt smoother and softer, and closer inspection showed they contained bubbles and swirls. The dismal verdict was confirmed by the Gem Testing Laboratory of Great Britain in London.

But the mystery remained. Had De Beers supplied a written estimate? Had they - the world's leading diamond traders - made a mistake? Had the diamonds been switched?

Experts interviewed this week said it was almost inconceivable that men of the standing of Richards and Cheong's at De Beers could have mistaken glass for diamonds, even if it was unusual for the CSO, a wholesale organisation, to carry out valuations for private individuals.

Francois Curjel, international director of the jewellery department of Christie's the auctioneers in Geneva, said it would be "relatively easy" for a top specialist to distinguish diamonds by their hardness, brilliance and clarity of reflection, without laboratory tests.

The only exception would be if he were confronted with a clever synthetic, cubic zirconia, which has appeared on the market in recent years. But the Guillemards claim that their stones came from Russia early this century.

Dr Roger Harding, director of the Gem Testing Laboratory in London, said 95 per cent of stones are identified without laboratory help. A loupe (the jewellers' standard 10x magnifying glass) was usually enough. If not, there was a handheld, battery-operated gadget which can detect the very high thermal conductivity of diamonds. Asked specifically if De Beers could have made such a mistake, Dr Harding replied: "It would be almost impossible for them to be fooled. All my experience is that they are very professional and thorough in their work."

But if that first inspection was correct, the stones must have been switched some time after March 9. The High Court in London will have to decide whether the couple, though poised to become \$6m richer, might have done so in the hope of gaining a double windfall or whether, if they had lost the diamonds after their first visit to De Beers, they would not have simply claimed on the insurance.

Alternatively, the judge will have to consider whether the stones could have been switched at the bank or in transit, or as the Guillemards' claim implies, after they reached De Beers that fateful Friday morning.

The case is due to be heard in early November, when the Guillemards' counsel, Andrew Hochhauser, will try to prove, according to the writ and statement of claim filed in court, that De Beers received diamonds on March 30 and lost them. They owed,

says the writ, "a duty of care as bailees of the diamonds". At first, so the Guillemards told friends, they had hoped to negotiate compensation from De Beers. They engaged a private detective who advised them they would do better not to go to the police.

It was not until four years after the event that they issued a writ in the High Court naming De Beers Consolidated Mines and three affiliates, Diamond Trading,

Throgmorton Gem Diamonds and CSO Valuations. The claim does not specify the size of the damages sought, but it is expected to amount to the equivalent of at least \$10m.

For, in the meantime, the couple's fortunes had taken a turn for the worse. They sold the Chelsea flat they had bought on their return from Dubai.

They also put on the market their second house, an eight-bedroomed property in south-west France with swimming pool and 30 hectares on the edge of the Cevennes national park. (The house did not find a buyer until last summer when it fetched about FF1m, probably a loss.)

They moved to Hong Kong, where Guy took a job with a company called CCA International which builds business and golf clubs in Asia. His wife underwent treatment for cancer. And all the time, of course, the legal bills kept mounting.

The couple engaged Barker Austin, a small firm of solicitors with experience of contesting De Beers - a company of such size and influence that it is as feared as it is respected.

Barker Austin operates from offices at the scruffier end of Spitalfields market on the edge of the City of London. Neither Gary Austin, nor his clients, would comment on the case. De Beers issued a statement saying: "For legal reasons we are unable to comment on the allegations made by Mr and Mrs Guillemard. All we can say is that the action is being defended and will be heard in the High Court in November."

The judge at one pre-trial hearing described the case as a contest between David and Goliath. Only when - and if - the case gets to open court will that contest, he decided, the mystery solved, and the final chapter written.

Whatever the truth about the diamonds which turned to glass, there is no doubt that the Guillemards, too, have been changed by the experience. One they could not have imagined that day Frederique was given two pink stones in France.

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## PERSPECTIVES

In a hospital room on a hilltop overlooking the sprawling apartment blocks, hotels and casinos of Macao, a Jesuit priest, a Portuguese surgeon and a softly spoken Eurasian woman are rehearsing their goodbyes.

The three friends, brought together in the last outpost of an empire that has shaped Portuguese history for more than five centuries, will be thrown apart to face uncertain futures when the enclave returns to Chinese rule in December 1999.

As they discuss their plans, the last traces of Portugal's seaborne empire can be seen dissolving in the everyday fortunes of anonymous individuals, rather than with the imperial flourish that might be expected to end almost 450 years of European colonialism in Asia.

In different ways, each of their lives has been moulded by the rare co-existence of civilisations that China has tolerated in Macao since 1587, when Portuguese traders established the tiny isthmus in the Pearl River delta as a port on the Silk Route.

As Portugal relinquishes what has always been a tenuous hold on the territory – the first and last European colony in Asia – the three companions, whose lives in many ways evoke the distinctive character of Portuguese colonialism, are preparing for the uncertain consequences of the change.

A community of Carmelite nuns has offered the priest, Father Manuel Teixeira, a permanent refuge in Portugal, from where in 1924 his poor farming family sent him, aged 12, to study at the São José seminary in Macao. But he has not yet decided to return.

In the Jesuit tradition of bringing learning and culture to Portugal's trading empire, he is still, at 85, a formidable scholar who writes a daily newspaper column and has lined his small room at the Conde de São Januário Hospital with hundreds of books and papers, including some of his own 124 published works.

Dr José Araújo, his friend and medical adviser, is one of the members of Portugal's professional classes who have for centuries escaped limited horizons at home by seeking more rewarding posts in the colonies.

He has no doubt that what remains of the Portuguese way of life in Macao will "disappear like grains of salt in a glass of water" after 1999. But he has begun to share an Asian perception of Europe as "a tired old place where people are paid for not working" and is keeping his options open for staying in Macao if the transition runs smoothly.

Maria Helena, the daughter of a Portuguese father and a Chinese mother, is the only one of the three who has resolved to leave Macao for good before China resumes sovereignty. Communities like hers, the Eurasian population of Macao, known as the Macanese, have grown in all Portugal's former overseas possessions. In places as far apart as the Cape Verde islands, Malacca and Macao, *creole* and *patois* dialects of Portuguese are still widely spoken.

In Portugal's collective imagination, the idea that intermarriage with indigenous populations has set Portuguese colonialism apart as more tolerant and benign than other European empires is as important as a



Formidable scholar, Father Manuel Teixeira is contemplating an offer of refuge in Portugal

## A colony ponders an uncertain future

Peter Wise looks at three changing lives in Macao

sense of fair play to British or a conviction of cultural eminence to the French.

But the popular view that this helped eliminate colonial hierarchies and ensure the social acceptance of mixed race communities owes more to myth than reality, according to most historians. At its worst, intermarriage by illiterate settlers in Portugal's African colonies amounted to little more than "the siring of large families on defenceless black servant girls," writes the British historian David Birmingham.

Maria Helena knew nothing of her father except for a faded photograph of a uniformed young man, until in her mid-30s and with the help of Father Teixeira, she was able to trace him to Brazil. She has since visited him several times and established a close relationship.

Fear for their future in Macao among the Macanese, estimated at about 3 per cent of the population of 425,000,

is an indication of the ambiguous status of similar communities in other former Portuguese colonies. "All the Macanese will leave before 1999," says Cecilia Jorge, a Macanese writer and journalist. "We have all prepared new lives in Portugal, Canada, the United States or elsewhere."

Maria Helena, who plans to move to Portugal, is distrustful of China. She remembers with horror "1, 2, 3", the local term for December 3 1966, when several people were killed in anti-colonial riots instigated by young Red Guards at the height of China's Cultural Revolution, the only violent political unrest Macao has experienced.

The Macanese, and about 80,000 ethnic Chinese residents of Macao, hold Portuguese passports that they will be able to use for travel after 1999. But they have no faith that talks under way between Portugal and China will provide them with con-

sular protection as Portuguese citizens if they stay in the territory.

Their exodus is also economically motivated. "Most Macanese are fluent speakers of Portuguese and Cantonese," says Jorge. "But they can't write in Cantonese, which means most careers would be closed to them under a Chinese administration."

Language and culture are the most important legacies Portugal hopes to bequeath to Macao. During a recent visit, President Jorge Sampaio was adamant that efforts should be stepped up to ensure Portugal leaves something more enduring than physical infrastructure.

Although Portuguese is spoken by fewer than 2 per cent of the population, Rogério Beltrão Coelho, editor of the magazine, Macau, believes European cultural values will endure longer in Macao than in Hong Kong, which returns to China in July. He sees the British col-

ony as speaking "only the language of business".

"China and Portugal achieved a subtle and complex co-existence in Macao," he says. "Portugal's cultural and religious influence is slight, but it will live on in China. Even Chinese traditions that were almost destroyed during the Cultural Revolution continued to thrive in Macao and are now being absorbed back into the mainland."

Father Teixeira, who opposed Maoists trying to destroy the enclave's historical archives, grows angry when he remembers how Chinese leaders threatened to wipe out "every vestige of colonialism".

"If the Portuguese had never come to Macao, there would be nothing here except two poor fishing villages," he says, his white beard shaking. Calming down, he adds: "The Chinese are too pragmatic to throw away something as rare as Macao."

## Lethal spores wake down under

Climatic conditions have been implicated in recent outbreaks of anthrax. Nikk Tait reports

The word "anthrax" doesn't come quickly to mind when contemplating the rich colours of rural Australia. But, in the fertile dairy country of Victoria, the northern town of Tatura has been learning quickly about anthrax and its lethal spores.

The outbreak has not become an epidemic, with only one human suffering ill effects, a 40-year-old casual slaughterer from a nearby knacker. The employee, thought to have contracted the disease through a cut in his arm, was quickly treated with antibiotics and has recovered.

But the Victorian outbreak is a reminder that anthrax, still the stuff of biological weaponry, will not go away. The Scottish island of Grunard was contaminated for more than four decades after military testing in 1942, and scientists are still in dispute over whether specimens found in ancient ruins have survived through the centuries or are a result of more recent contamination.

In Australia, the problem appears to have been a combination of unusual weather patterns, which have meant abnormally hot temperatures in some parts of the country, and monsoonal rains in others. The hot, damp weather, which follows years of drought in the east, has been a boon for grain-growers, but not for the farmers in the region around Tatura.

The alarm was raised when anthrax was detected on a couple of dairy properties in January. It subsequently spread to surrounding farms, with notifications of newly infected properties peaking in mid-February. By the end of this week, 83 farms had been affected and more than 190 cattle killed or destroyed in the state's worst recorded incident for 40 years. A further 77,300 cattle (and several thousand sheep) had been vaccinated, across more than 600 properties.

The good news is that the final set of new cases were notified late last month, and since then no new farms have joined the affected list.

"If this continues for a few more days, we will be able to say that it is all over," said Andrew Turner, Victoria's chief veterinary officer, earlier this month.

As for consumers, officials have been at pains to point out that pasteurisation shields them from any risk in processed milk products.

"This is certainly no danger... through the processing and treatment those anthrax spores are destroyed," said the state's agriculture minister.

Moreover, while most farms in the affected area are focused on dairy rather than beef production, quarantine rules have been invoked and no meat from contaminated cattle has been released for human consumption.

Anthrax is no stranger to Australia – nor, indeed, to many countries round the

world. The name actually refers to malignant bacteria which can lie dormant in soil for decades. Animals get infected when they eat the spores and the resultant blood poisoning can kill cattle within hours.

The bacteria is widely believed to have made its way into Australia through Asian feed supplies back in the early to mid-1900s. In the 19th century, the country experienced some punishing incidents, and the disease has resurfaced sporadically ever since, mainly in Victoria and neighbouring New South Wales.

But by the turn of the century, a vaccine had been developed, which generally allows outbreaks to be controlled.

As Turner explains, if the source of the spores is pasture (rather than contaminated feed) it is possible to create a buffer zone round the affected area. "It's like a fire – you put a blanket over it."

**'Anthrax is like a fire – you put a blanket over it'**

Quite what may have caused the latest episode is still a matter of investigation. However, climatic conditions have already taken at least part of the blame, with high temperatures and moist, post-drought conditions thought to encourage germination of the spores. Turner points out that the area of pasture originally affected may have been tiny – say, 1ft square.

All of which goes some way to explaining why the Tatura episode has had a low-key reception at home. While an extremely nasty outbreak of hepatitis A at a NSW oyster farm and a major product recall by one of the country's leading food manufacturers (in the face of extortion threats) commanded front-page newspaper headlines, the anthrax outbreak has seldom warranted more than a few column inches inside.

The international repercussions are harder to assess. Australia is the

world's largest beef exporter, and much of its output goes to Asian countries, sensitive to food safety issues. The Australian Meat and Livestock Corporation, responsible for industry marketing, admits that when the outbreak was first notified, some Asian TV footage showed carcasses being burnt – creating misleading associations with Britain's "mad cow" disease, which has not been found in Australia.

The timing of the anthrax episode may also have been unfortunate. Efforts by the Australian beef industry to push a "clean, green" image lost some credibility two years ago, when chemically contaminated cotton trash was found to have been fed to drought-affected cattle. Since then, Britain's "mad cow" problems have dented confidence in fresh meat products generally.

More specifically, the Tatura problem coincided with a separate anthrax outbreak in Thailand last month. In the latter case, the disease was said to have spread across the Burmese border, and a ban was subsequently placed on livestock from the neighbouring country.

By late February, around 25 people were said to have been diagnosed with the disease.

In the face of all this, the AMLC says that its main objective has been to disseminate accurate information on the anthrax outbreak to trade buyers in Asia, an effort which did not stop South Korea holding up a few containers of Australian produce this month.

"It has been contained fairly quickly, so end of story. Whether or not there is a residual impact is anyone's guess," the AMLC says. But while individual outbreaks may end, it is the way with anthrax that scientists can rarely be certain that the disease has disappeared.

By protective vaccination – whether farm animals or US military plans for mass vaccination of its troops – anthrax can be held at bay.

But when contemplating the potential threat, researchers tend to recall that an anthrax bacillus stored in 1888 by Louis Pasteur himself was still "viable" in 1956.



A bacteria that will not go away: 83 farms have been affected

Every fictional courtroom drama has one – the long-suffering expert witness, almost bursting apart with specialist knowledge and desperate to help the court's understanding of a case.

In stories they might leave the witness box triumphant, having turned the case with their blinding insights. More often, they leave it crushed, bewildered by aggressive barristers and frustrated that no one seemed interested in their expertise.

And that is how it often is in real life – a crushing, bewildering experience. On a recent day-long course I met two psychologists who were still smarting over derogatory remarks directed at them in court, and an accountant was full of trepidation at the prospect of giving evidence for the first time.

I joined the two psychologists, the accountant, a paediatrician, and a plastic surgeon for the course that would help us face these fears.

We were going to learn how to be good expert witnesses – how to get our information across and help the court rather than be side-tracked and side-lined.

An oak-panelled room at the Law Society's headquarters in London's Chancery Lane had been turned into a mock courtroom for the day and we had each prepared a case on which we would be questioned.

Our inquisitor, solicitor Mark

## Sharpening up the expert witness

Grania Langdon-Down on how not to be side-lined and side-tracked by the ferocious barrister

Solon, runs regular courses on how to give evidence in civil and criminal trials. He can teach how to impress a judge or to deal with aggressive cross-examination. He has become the expert witnesses' expert.

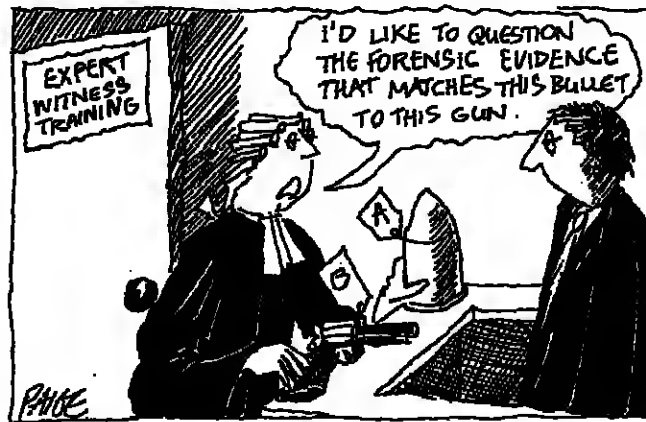
The idea for training experts came to him while sitting in court with his head in his hands, wondering why a child abuse case he was working on was going so horribly wrong.

He had instructed a child psychiatrist to prepare a report. All seemed to be going well. "But when we got to the High Court he was massacred – his papers were flying round the witness box, he couldn't hold his line of argument, he got lost in the chronology," Solon explained.

"I sat there and started to wonder why some witnesses do well and others do so poorly."

On the course, Solon advises his pupils on court procedure in the morning – how to look, how to survive cross-examination – and speeds the afternoon grilling them in the witness box.

Solon drew one of his "victims" – the plastic surgeon – into a sharp exchange on the fees he charged. This distracted him from his central evidence



about a breast implant operation. "You were speeding up, getting defensive, trying to justify yourself," Solon told him.

Roger Stanley, a forensic accountant with Coopers & Lybrand, wiped the sweat from his hands after standing up gamely to some scornful questions on his assessment of a builder's loss of earnings after a car accident.

He admitted: "I wanted to practise giving evidence in a safe environment. I have to do it for real soon and, I want the judge to have the impression I

know what I am doing."

Psychologist Joanna Beazley Richards, with 35 years experience, 42 letters after her name and several court cases under her belt, still felt in need of confidence. "I want to come across in court as potent and stable," she said. The rest of us were concerned with being clear, helpful, concise, intelligible and authoritative.

Solon told us all to remember that witnesses are just that – they are not in the dock. He warned: "The opposing barrister will use every trick in the book

to narrow down your evidence and undermine it by hooking into you. Do not take it personally."

"Too often experts turn up saying 'do it to me' but it is not a Japanese game show or even a memory test. You are there to make it easy for the judge to understand the evidence. You are not there to win the case."

We learnt that the expert witness must never trust the cross-examining barrister and never try to score points – we would lose. And we must never make jokes. "Leave that to the judge," said Solon.

Expert witnesses often complain that they have knowledge at their fingertips but they are never asked the right questions.

But this left Solon unimpressed. "Every question is a gift. Just fix three key points at the front of your mind and keep bringing your answers back to them. As Kissinger said at a recent press conference – 'Which of you journals has the right question for the answer I am going to give?'"

The other advice he stressed was: "Be interesting. Who cared about botany until David Belamy came along? All of you

work in fascinating fields, even accountancy."

There were also practical points to remember – always talk to the judge as the decision-maker so stand with your feet pointing at him or her and revolve from the hips to look at the barrister during the questions.

More than 6,000 experts have received instruction from Bond Solon Training, the company Solon set up seven years ago with fellow solicitor, Catherine Bond, alongside their London law firm. They also offer courses in report writing, courtroom skills, advanced cross-examination and marketing, costing between £400 and £500 each.

The very act of training expert witnesses is contentious, however. In the US, expert witnesses are often trained to perform effectively in court and to market their skills as witnesses.

But in the UK, that sits uncomfortably with notions of "coaching", prohibited under Law Society rules.

The way in which experts fit into the legal system has also been questioned by Lord Woolf, Master of the Rolls, in his report on reforming the civil justice

system, which recommends imposing strict limits on their use. He complained that expert evidence had become a multi-million pound industry.

Solon, creative director of the training company, said the aim of the courses was to help experts get their presentation right – never to coach them on actual evidence.

While many experts "fall into" the role by accident, according to Catherine Bond, it can be a lucrative sideline. Co-author of *Marketing for the Expert Witness*, she recently heard of a plastic surgeon who charged £5,000 a day to appear in court, while one accountant specialising in corporate finance charged £500,000 for writing a report.

But most experts charge less than £100 an hour for writing a report and generally less than £1,000 for a day in court.

So, how did I do? I felt I knew my libel law well and prepared to defend journalistic standards. But Solon led me down hypothetical avenues and well away from the real world of deadlines and obstructive press officers.

The criticism from Solon and the other judges – my colleagues on the course – was comprehensive. "You know your stuff but you speak too fast, too quietly and you forgot to breathe." Good job it wasn't the real thing.

■ *Bond Solon Training, 11 Haymarket, London SW1Y 4BP. Tel: 0171-925 0830.*



## PERSPECTIVES



Joe Rogaly

## Knowledge, freedom and a poison pill

Science may have brought progress and enhanced individual choice, but we seem to have lost some self-control

We've asked it before and we'll ask it again - why should we restrain our baser instincts if we fear no god, contain no soul, exist merely for the convenience of a string of genes? It is a question Jonathan Sacks cannot properly address. The Chief Rabbi of the Hebrew Congregations of the Commonwealth is in no position to deny Genesis, let alone embrace genetics. His starting point has to be "in the beginning God created heaven and earth". It cannot be "there was this Big Bang and a cooling down and a primeval soup and DNA and..."

In spite of his double-first brain, this is a handicap. In his new book, the chief rabbi takes us through the principal philosophical leaps of Judeo-Christian history. The volume I would write if I had half his erudition would look ahead with trepidation to a world in which our perception of humanity may be purely mechanistic.

Like others, I cling to the belief that we hold within ourselves a human spirit, that science alone cannot unravel the mystery of life. Alas, we who yearn for faith are surrounded by savants who deny the utility of the search. The Judeo-Christian tradition is a fading folk-memory, a continent whose shores are constantly eroded by waves of scientific discovery. What if it is all washed away?

Philosophy has suffered such seismic shocks before. Copernicus told his contemporary sages that the Earth travelled round the sun. That put our little planet in its place. Again, as Rabbi Sacks reminds us, the medieval social order was supplanted by modern individualism. One reason offered for this development is intriguing: Venetian plate glass makers enabled people to see their own persons in mirrors.

The biggest jolt to the human psyche was the Enlightenment. During the 17th and 18th centuries religion was dethroned. Reason and science ascended. The pursuit of knowledge would bring progress, and therefore happiness. Rabbi Sacks welcomes the liberalism this entailed, but doubts the happiness. Liberalism enabled Europe's Jews to take part in government for the first time. Church and state were disentangled. The Enlightenment

secured democracy and freedom. Yet it contained a poison pill. During the first four-fifths of the present century the state became increasingly powerful, the individual ever more free to choose. Intermediate institutions - the Church, local government, voluntary associations, the family - were rendered relatively less significant. Control, particularly self-control, was lost. Liberalism was replaced by libertarianism. The incidence of divorce, free love, adultery, out-of-wedlock births, rose sharply. So did the crime rate, which the rabbi infers is no coincidence.

He could be right, but the evidence is mixed. My parents were divorced when I was seven. I have been married for 35 years to the child of a woman widowed when she was a toddler. On the basis of the probabilities listed by Rabbi Sacks our marriage would have been dissolved long ago. I would have been a burglar or drug addict or both. My wife would have become the single parent of a dysfunctional brood. Well, I did try to break into a jewellery shop when I was 19 and we would be liars if we said no joint had touched our lips.

Hush. The matter is too grave for such tomfoolery. The rabbinical analysis deserves to be taken seriously. Fear of violent crime is blighting urban life on both sides of the Atlantic. Young men, some of them barely out of childhood, are responsible for most of it. We can all recall particular tragedies. The first anniversary of the massacre of children at Dunblane fell this Thursday. On the same morning, Frances Lawrence announced an award in memory of her husband, a headmaster who was murdered when he intervened in a fight outside his school. Horror stories fill our minds.

Will they multiply as more people become conscious of the emptiness science says lies within them? Rabbi Sacks's answer is that we are social animals, a view supported by the science writer Matt Ridley in "The Origins of Virtue". Moreover, we are unique because we have language. "Cultural transmission is altogether more subtle and sensitive than genetic transmission," writes the chief rabbi. It is a short hop from there to Victorian or family values. The family passes culture from one generation to the next. It may be a Jewish, or Sikh, or Catholic tradition, but it gives its adherents a sense of belonging, internalises morality. We must sustain the family and the tribe. That is the route to salvation.

The chief rabbi presents his not unfamiliar prescription with a passion and an eloquence unmatched in most of the similar tracts appearing in Britain and the US in recent years. It still leaves my opening question unanswered. Perhaps it is not answerable. We dodge the issue, walk round it as gingerly as we would circumnavigate the abyss. We pretend to ourselves that we can build on our co-operative instinct, create altruism and trust - and for some of the time, among some people, we can. But then the rot has not yet completely set in.

Lunch with the FT

## Getting to the bottom of the problem in the County Arms

Nigel Spivey meets novelist Graham Swift and asks him about the solitary business of writing

Non on the Trinity Road. Very tidy and quiet in the County Arms at that time of day. Couple of greasy old geezers in the lounge, studying the nags. Barman at a loose end: fondling his Young's best blitter pumps with a cloth. Yours truly fingers what they call a fine wine by the glass, and joins his fellow predator in a corner. We crouch and wait.

Set under the bulk of Wandsworth jail, a pub like this ought to have some entertaining clientele on tap. Square-jawed warders heaving for a jar: protection merchants from Lavender Hill taking a nip on the hoof.

Ten minutes or so goes by without such entertainment. Then in wanders a dapper chappie with his pint glass. Up we jump and press the flesh. Been lurking in the saloon, he says. Wasn't expecting the paparazzi, he adds. Nervously. You look like what'sisname, I say. Who? he asks. You know, rock idol, getting on a bit. "Sting," says our snapper. Come on, anyway, I entreat. Have a mugshot on us.

He sits in our corner. An angle selected for its mellow, hop-golden quality light. Photographer whirs about, with us trying to trade camera-worthy remarks. It does feel odd, I observe: supping up, a stone's throw from where they're snapping.

"They shot spies in the blink," he says. "Over the other side of the road there was a reception centre for refugees, during the war. Anyone with a funny name, Von Doodah or whatever, got marched over this way to be dispatched. Not a widely known fact, that."

Nor it is, Graham. The stuff of good pub natter. He begins to relax. Now about this Booker Prize, I say. Twenty grand, peanuts, really. Premier League striker stashes that sort of dosh on a weekly basis. But does it feel like a pinnacle up there?

A nod, a smile. "Yes. Can't deny it. The best time of my life. Success beyond what I'd ever dreamed of when I started out."

So is that why you write? For fame, money and (if I may be so bold, but Freud tagged this along too) women?

It was a peerless day for men and vegetables: and gentrified cuisine awaited us Chez Bruce

"None of those. Fame's nice. I don't even mind putting aside time from now to June just to deal with it. And money's good if it gives me four years clear to write the next hook. Women? Some extraordinary letters do come in."

He muses into his ale, and strokes the glass. "But no. It's simply about sharing a story. There's a man in the reader. When someone writes in and tells me how the story's touched them, that's it. The best result. My reason for writing."

Always wanted to write? "Pretty well. About eight or nine I wanted to be an

archaeologist. Digging up mysteries."

Which is what, I interject. I think your books achieve. Cryptic in the way they scrape away the layers of people and events. Leaving things unsaid when words fail us. Half-getting to the bottom of things. He half-nods.

"Wandsworth is full of mysteries. London is. Everywhere is."

Hence the translations worldwide. You would have thought that his previous bestseller, the Fen-bound *Waterland* (in 1993), had limited international appeal beyond the Netherlands. But Estonians love it. And something like 30,000 copies of *Last Orders* are being printed in Germany. Where and elsewhere, it seems, the British novel is regarded as (in Swift's words) "a happening thing".

To resume. "Stories began in my teens. Took a degree. Then took three years of the taxpayers' money, registered for a doctorate to keep me going, and took the plunge and wrote full time."

He grinned. "Now students write dissertations on my work." And shrugs. "Not that I can ever understand them."

Rejections? Hard times? Dishwashing?

"Of course. The rejections don't stop, by the way. It's just that you do it to yourself."

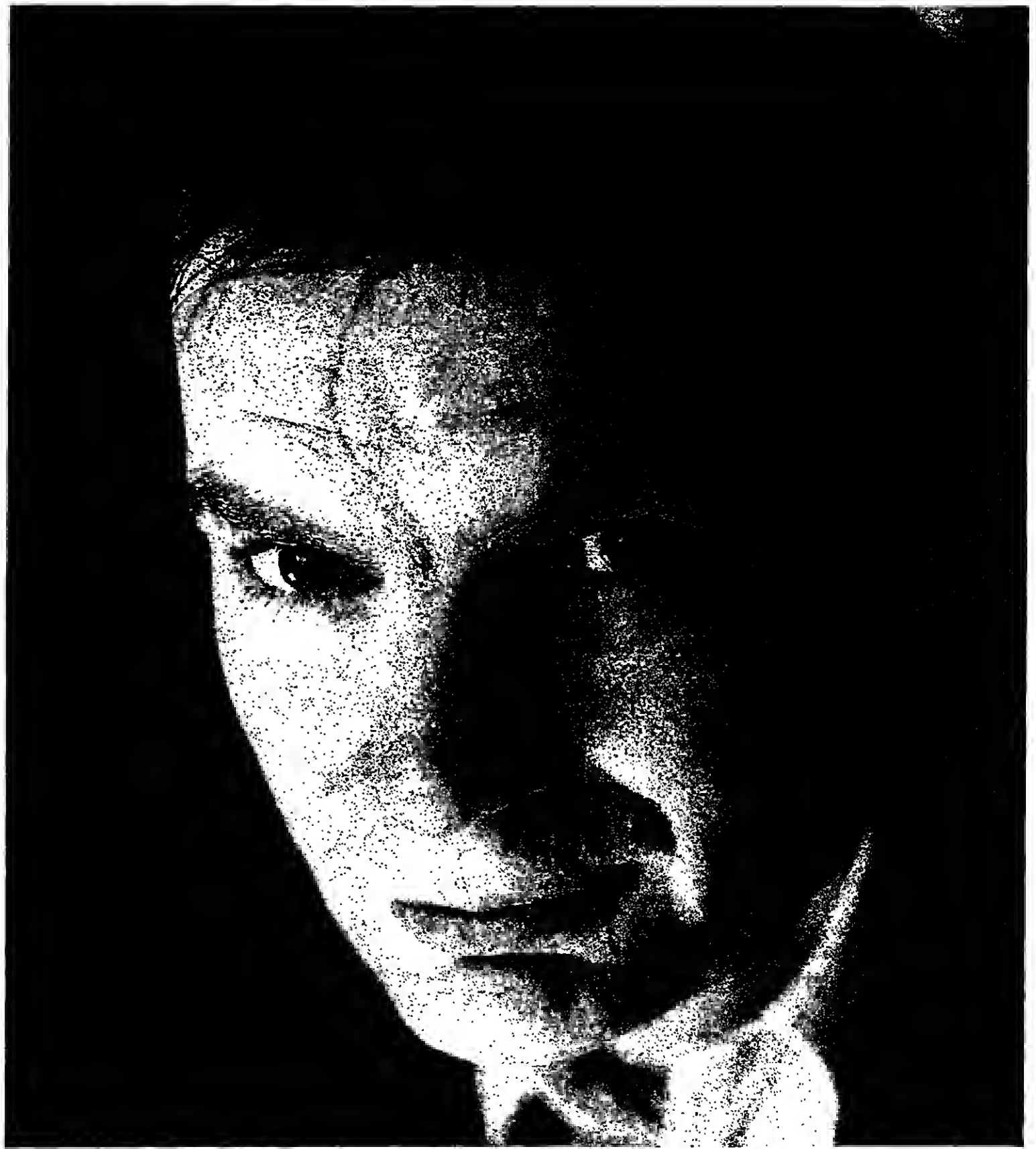
He swilled his glass. He had described this pub as his "regular". Such is the convincing pitch of dialogue and demotic narration in his prize-winning *Last Orders* that it is hard to believe he has not idled a few hundred hours here or suchlike. But G. Swift is not a butcher, nor a hutter's son and heir.

Rather from civil servant atcock, with a Cambridge degree and a very incomplete doctoral thesis.

With a sense of us both adjourning to a more natural habitat, we stepped over the road, and walked across Wandsworth Common. It was a peerless day for men and vegetables: and gentrified cuisine awaited us at

Chef Bruce. "This talk of plagiarism," I said, "has to be nonsense, doesn't it? Can we not talk about it? It's hardly your fault if some ignoramuses think a story is like a car, doggy if secondhand."

Lunch was not sullied by the topic: a storm in a tea-



The advantage of fame for Graham Swift has been the money to buy time, but a disadvantage is attracting criticism and controversy

Fergus Wilson

Truth of the Matter

## The bells strike twice and all is well

Hugh Dickinson discovers that an eccentric clock keeps villagers in touch with Eternity

musical relationship to its partner in crime - of which more anon.

Hearing midnight struck twice on such an instrument of torture, which we did for a solid fortnight, leaves time and energy for rational inquiry - every night.

A reason? They considered the matters in that nasal twanging French of the far south which baffles even their own countrymen. They speculated with increasing hilarity. A reason. All sorts of reasons began to float into their well-dined imaginations.

Some were (I guess) scurrilous reflections on some bygone *Maire* or *Cure*. Some were derogatory comments on neighbouring villages which had paltry little bells

in their church towers. Or whose clocks had stopped in the last century; so our clock obliged by telling them the time.

Or it was to let the people working in the fields know the time. The sound carries a long way. But (I pointed out) they're all buzzing around in tractors with Walkmans glued to their ears getting a time check every 10 minutes.

The favourite explanation was produced by an immense and cheerful lady who had handed us three melons as we clock strikes twice. The reason the clock strikes twice is because we are all busy people attending wholeheartedly to our affairs (or other people's) so that we don't notice when the clock

begins to strike. So we don't start counting until it's half way through. So we don't know how many times it has struck. So then we pay attention. And - *voilà* - it

All sorts of reasons began to float into their well-dined imaginations

kindly strikes again in case we missed it first time."

Applause and cheers all round. A plausible and respectable reason for the visiting angels.

"But," I pointed to M. Carnet. "This excellent citizen here has two wrist watches, one on each arm. And I see all of you have wrist watches. You don't need the clock." I was desperate for unbroken sleep.

"And then," I pressed home my attack, "in the morning at seven there is not only 14 strokes of the clock but a hideous fracas of bells all jangled together. Not once but twice."

"Fracas? Fracas? *Qu'est ce que c'est fracas?*" Understanding dawned. Oh, the Angelus. *Mais certainement* the Angelus. Every morning.

But always. I was moved. I thought of a fellow priest clambering out of bed to unlock a musty church early in the morning

and groping his way to the tower, fumbling for the bell ropes and setting those discordant bells jangling away in the tower above him just as the sun touched the top-most parapet and lifting his heart to his Creator on behalf of his sleepy flock. I asked who he was, commenting with admiration on his morning punctuality.

More cries of disdain. More aprons flapped. Oh, no, no. He lives miles away. He doesn't get up in the morning. No, no. Mora shrugs expressive of the sad decline of the modern age and the domestic habits of the clergy. No. No. The Angelus is like the clock. It's all automatic.

I asked, as delicately as my stumbling tongue could

cup if ever there was. Chef Bruce pandered to our educated tastes. Parma ham on bed of mixed leaves. Roast cod. Bottle of an excellent Medoc.

You could picture Jack, Lenny, Raysy and Vic in the County Arms; you could even imagine the boy Vince detained at Her Majesty's

Pleasure nearby for a spot of GBH.

But you have to hand it to Graham Swift. The world of deeper Bermondsey, the world of the Smithfield suppliers and El Alamein veterans, is truly there in *Last Orders*.

He told me he loved all the characters, even Vince, with

his overtones of Ronnie Kray. I told him he should be scripting EastEnders: give the "realistic" soap the moral authenticity it so desperately needs.

He shook his head. "Writing's lonely. But from half-six to lunchtime it's where I want to be. By myself. Controlling it all."

I was reminded of the near revolution in a village in East Anglia whose church tower, with its ancient clock, stands four square at the bottom of the main street. The clock broke down and the repair of its ancient mechanism was deemed impossible. The cost of a new electric works was far beyond the slender resources of the parochial church council responsible for it. So the hands were permanently set at 12 and its gentle melodious tenor bell silenced.

All hell broke loose. Infuriated letters were sent to the poor vicar. His wife hardly dared go shopping. A public subscription was quickly launched and within 10 days twice the sum necessary for a new clock mechanism was raised. The clock ticked again and at midnight its gentle bell told all those sleeping souls, who of course have no time for the church, that all is well. In spite of the passage of time, Eternity is still around.

"The reason," he said. "The reason we keep the clock is not to keep us in touch with time. No. It keeps us in touch with eternity."

"So also the fracas [he gently mocked my word] of

But why twice? Why does it have to strike twice?" Monsieur Ambrey gave a tremendous shrug. "Voilà! C'est toujours comme ça."

For confirmation of the divine inevitability of his village church clock striking every hour twice, he turned to the group of elderly village folk who gathered each evening after the heat of the day on the old iron benches under the arcade opposite the church.

They all nodded and exclaimed and gesticulated their assent. It was always so. In their eyes any church clock that did not strike each hour twice was clearly not up to the job.

"But," I persisted, "surely there must be a reason." It had become a matter of keen personal concern and heated debate in our little holiday household on the other side of the square. The clock chimed just outside our bedroom windows, a massive clanging monster not in tune with itself and in no known







## BOOKS

# Behind the façade

Edith Sitwell's letters fill in the story of how the high priestess of arch, mannered modernism became the voice of the 1940s, writes Jackie Wullschlager

**F**R. Leavis dismissed Edith Sitwell as belonging "to the history of publicity rather than that of poetry". Her extrovert posturing as a great English eccentric, the aristocratic dame who looked like Elizabeth I, the sullen bony beauty whom Cecil Beaton photographed in a tomb, has always muddled her literary reputation. Fans say the flamboyant behaviour obscured her poetic talents, critics that it covered up her lack of them. For four decades she was the most prominent woman poet in Britain, yet 30 years after her death her stature is uncertain.

Here is a new edition of letters, including family correspondence for the first time, which makes one thing clear: Edith Sitwell's absolute commitment to poetry and a life of letters. "I have no news of any kind, excepting books", she writes in 1925, explaining irritably that at a party in Paris "there were

several unfortunate Russian refugees who have got the Bolsheviks well on their nerves and can't talk about anything else". By 1937 her sensitivity to world affairs was no better. "Poets", she writes to her brother Sacheverell, "are being treated now and regarded by the public as the Jews are treated and regarded by the Nazis. Look at the blasted impertinence Yeats is having at the moment". If you want an example of how English-speaking modernism cocooned itself in artifice and playfulness - for a visit to the theatre, Edith likes only Mozart operas, Russian ballets, "and circuses still more" - look no further than this book.

And yet - what a paradox that the high priestess of the arch, mannered style came in the 1940s to speak for the times with her blitz and atom bomb poems "Street Songs", "Song of the Cold" and "Shadow of Cain".

Edith's letters fill in the personal story behind her evolution from freakish innovator to voice of the moment. Her brother Osbert spoke for all three Sitwell poets when he wrote in his autobiography that "I belonged by birth, education, nature, outlook, and period to the pre-war era". Edith, the oldest of the trio, was born in 1887 and never forgiven for being a girl. During her "terrible childhood" - "I don't believe there is another family in England who have had parents like ours" - she was incarcerated in an orthopaedic device to straighten her spine, and "the reign of iron and manacles" was extended to her nose, whose shape her father disliked.



Her mother ("she is a monster - there is no other word for it") ignored her, squandered the family fortune, and ended up in Holloway Jail for fraud. Her father was cruelly abusive, and lost in his own crazy inventions which included a singing toothbrush and "a small revolver for killing wasps".

By the time she left home at 26, Edith was both a precocious poet and a nervous wreck. "Our work is the true answer to such conduct", she writes to her brother, and it is hard not to see early poems like "Colonel Fantoek" - surreal, grotesque, and somehow splinterish - as the work of a clever, emotional-

ly-starved kid. Modernism became her religion - "Your reputation grows every day in England, and more and more converts are made", she writes to Gertrude Stein - and self-publicity a compulsion. *Facade*, with music by William Walton and verses in syncretized rhythms recited by Edith, made

the Sitwells famous. But Noel Coward ridiculed them as the Swiss Family Whittlebot, the critics were hostile, and she reacted: "I am sure I shall kill somebody soon - a reviewer, or possibly a publisher".

Her lifelong fury, mitigated by loyalty and intense affection for a select band of supporters, is one of the joys of this volume. It ranges from the outraged prig ("The public canonisation of that insignificant, dirty little book *Lady Chatterley's Lover* was a signal to persons who wish to unload the filth in their minds on the British public") to the resentfully amused ("the reporters... are mad with excitement at the thought of my approaching demise. My nurse spends much of her time in throwing them downstairs"), from the betrayed friend ("cheap flimsy little horrors of people") to the murderously unforgiving, directed, many years after she had become a Catholic, at a family who had mistreated a pony - "I have only one hope for them, and that is that they may never know one moment of sleep again - either in this life or in the eternal Hell that so surely awaits them".

In the war years, the enraged poet and the hour were matched. Today, poems like "Dirge for the New Sunrise", about Hiroshima ("The eyes that saw, the lips that kissed, are gone / Or black as thunder he and grin at the murdered Sun") seem dated and monotonous, but they brought Edith acclaim and, reading these letters, one enjoys her enjoyment of the triumphal tours and the honours "after all I have been through with the Pipequeekery".

With a vivid sense of the present ("it is a horrible brown day like a railway terminus") and an irrepressible personality ("Houph-la, the world is gay") make this volume interesting and readable. As a scholarly work, however, it is lamentable. The introduction - a sketchy three-and-a-half pages - neither assesses Sitwell as poet and figure in the history of modernism, nor gives any biographical information. Editorially, the letters are a mess - they flow from number 1 to 382 without a break; they are not set in a context, there is no explanation of events or characters, no list of dramatic personae. As a result, the book is impenetrable to non-experts without a biography at hand, so the chief pleasure of a volume of letters - to hear the writer's own voice, and gain a sense of his or her life first-hand, without the mediating presence of a biographer - is denied.

How extraordinary, too, not to show a single photograph of Sitwell when the archive includes Cecil Beaton masterpieces. Edith, both fastidious and hooked on self-promotion, would have been appalled by this editorial neglect; she deserves better.

things I was not expecting and was not prepared for. Then I tried like mad to cope with it."

She coped with it rather well, and then, after making 26 movies, she coped equally impressively with the quite different challenge of serving as special ambassador for UNICEF. Between 1988 and 1992 she visited Ethiopia, Turkey, Venezuela and Ecuador, Guatemala, Honduras and El Salvador, Sudan, Bangladesh, Vietnam and Somalia, campaigning graciously but determinedly on behalf of young people in distress. "I don't believe in collective guilt," she told one reporter, "but I do believe in collective responsibility."

Paris considers her "a human being with the heart and the will to rise above her frailties", and, after reading this sensitive account of her life, one would not wish to disagree. It is hardly surprising that virtually no-one had a bad word to say about Audrey Hepburn, and it is to her biographer's credit that he shows not the slightest interest in apologising for that fact.

lection as a whole lacks focus. Terkel has divided his 70 characters into 20 groups according to occupation. But this division does not help the reader find his way around. The names are not much clue either. Apart from Galbraith and Victor Reuther (brother of Walter, president of the United Auto Workers union) few will be known outside the US.

More to the point, there is no evidence that Terkel has tried to make the interviews converge around the themes you would expect to find in a book about the American century: technical advance, social disruption, materialism, health, longevity, death and God.

The conclusion is paradoxical but inevitable. The more spontaneous the narrative, the more ruthless its editor must be. There are nuggets of gold here, but you have to pan hard.

## The 'skinny broad' who became an icon

No-one says a bad word about Audrey, writes Graham McCann

**T**he chronicle of a good life can seem a thankless task, for accuracy can easily be mistaken for evidence of enchantment. Barry Paris, at the start of this splendid new biography of Audrey Hepburn, acknowledges the irony: here was a woman who made many friends and very few - if any - enemies, who charmed movie audiences and critics alike with both her performances and her personality, and who gave her last few years and her waning energies to the selfish support of UNICEF and the starving children of Africa. "She remains so beloved," notes Paris, "that virtually no one has a bad word to say about her."

Any reader hungry for scandal will therefore be left unsatisfied after scouring the pages of this substantial account. The most insensitive thing that Hepburn seems to have been guilty of was forgetting to mention the sizzling Patricia Neal at the 1964 Academy Awards ceremony (and even then, upon realising the slight, she was quick to apologise - or

rather she would have been if Neal's husband, Ronald Dahi, had not intervened to tell her tartly to "bugger off"). The clumsiest thing she seems to have done is to knock a bottle of red wine all over Cary Grant's exquisitely-tailored cream jacket (but Grant, far from being offended, merely sent her a box of caviar the following day with a note telling her not to worry).

Some stars act to obscure what they lack, while others act to show off what they have. Audrey Hepburn showed off what she had - a natural elegance, a playful intelligence, and a delicate beauty. In a sense, of course, she was the least likely person to be caught "showing off", part of her appeal was

that she seemed unaware of how special others found her. Cary Grant - who, once he had worked with her in *Charade*, became something of a soul-mate - told her,

**AUDREY HEPBURN**  
by Barry Paris  
Weidenfeld & Nicolson £20,  
454 pages

"You've got to learn to like yourself a little more," but she never really did. When a gala tribute was held for her at the Lincoln Center in 1991, she thanked all of her past directors, writers, co-stars and technicians who had helped make a "marketable commodity out of a skinny broad".

She was always, it has to

be said, skinny: her vital statistics remained a constant 32-20-36 from the age of 23 to the end of her life, and Givency, the designer with whom she became most closely identified, said that she never altered more than a centimetre in 40 years. It made her, to begin with, something of a misfit in the breast-led Hollywood of the early 1950s; William Wyler, directing her in *Roman Holiday*, took her discreetly to one side on the set and suggested "I think you should wear some falsies, if you don't mind my saying so," to which the bemused Hepburn replied, "I am!"

Billy Wilder, who would soon come to adore her, caught sight of that slender figure for the first time and exclaimed, "If that girl had tits, she could rule the world."

It did not take long for Hollywood to realise that, with her immaculate appearance and impeccable deportment, there was really no reason why she should not rule the screen world. Her potential appeal was unusually broad: she may have been the daughter of a Dutch baroness (the Queen Mother, after meeting the star, is reputed to have told her daughters, "she is one of us") but she also had the common touch. Her humility was endearing: "I was asked to act when I couldn't act, to sing in *Funny Face* when I couldn't sing, to dance with Fred Astaire when I couldn't dance, and do all kinds of

things I was not expecting and was not prepared for. Then I tried like mad to cope with it."

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## Memories are made of this

Christian Tyler listens to the voices of real people

**I**t was a nice idea, to round up 70 citizens who have exceeded their biblical quota of three score years and ten and get them to talk about the century they have just about survived.

Studs Terkel, who almost singlehandedly reinvented the genre of oral history and has logged an almost incredible 3,000 interviews, has himself reached 83.

What he and his tape recorder began 30-odd years ago has blossomed into a minor academic industry: the collecting of ordinary people's reminiscences - often for no better reason than that they have volunteered to tell them - for the use of historians and other researchers.

Terkel's first famous book of interviews, *Working*, appeared in 1974 and was subtitled "People Talk About What They Do All Day and

How They Feel About What They Do". Anyone who read it will remember the strange pleasure of hearing the voices of real people, uninterrupted by the politician, doctor, trade union official, journalist, or any other sort of social scientist.

Terkel grasped two important facts. First, that it is only temporary shyness in front of the camera or microphone which prevents most people from giving a personal good account of themselves. Second, that a literal record of a person's speech tells you more about their character than anything else can. Future historians who want to understand Margaret Thatcher will learn

more about her from one unrehearsed television interview than from volumes of psychobiography.

It makes Terkel's job easier that Americans are such a frank nation. Here is Ted Cox, the alcoholic former newspaperman who has retired to Palm Springs, hasn't had a drink for 43 years and goes to AA meetings every morning at six: "I know this sounds crappy, but my greatest regret - until I was in the AA - was that I was unable to give or receive love... I thought it was a silly word."

Wallace Rasmussen, the 80-year-old former head of Beatrice Foods, sounds like a New Yorker magazine caricature, confessing: "I wasn't the best husband in the world. But I was one of the best damn providers."

Veteran economist J.K. Galbraith, 85 at the time of

**COMING OF AGE: THE STORY OF OUR CENTURY BY THOSE WHO'VE LIVED IT**  
by Studs Terkel  
The New Press £15.95,  
468 pages

his interview, reflects that liberals have lost influence partly because the public services they created have made a lot of people "comfortable, happy and conservative".

We meet the heroine of the 1937 sit-down strike at General Motors, Genora Johnson Dollinger, the seven-times-arrested Jesuit friend of the Berrigans, Richard McSorley, and the black teacher from Chicago, Timuel Black, who thinks the generation gap today is "profound and scary".

The weakness of the Terkel technique, of course, is that if the interviewer stands too far back from his subject the reader is left to do all the work. And this is the weakness of *Coming of Age*. It is not that the interviews are too long (some are of only four or five pages) or too dull (these lives are full of incident) but that the col-

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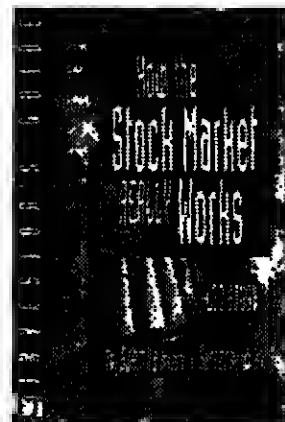
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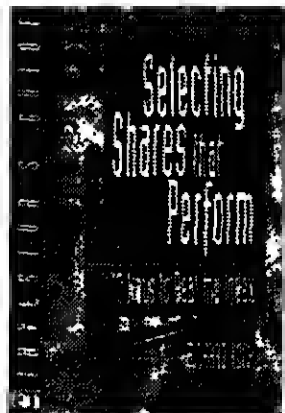
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## ARTS

## Fair blows the wind for Maastricht

Antony Thorncroft reports from the fair which is again attracting all the top collectors

The Maastricht Fine Art Fair hides its secrets well. From the outside you approach an austere functional building on an industrial estate on the periphery of a small Dutch market town: can this be the site for what, in ten years, has grown into the world's leading antiques fair?

Any misgivings are immediately shattered as, once inside, you walk down a spacious gangway to be confronted by a \$9m Rubens of the Holy Family with an infant St John on the Agnew stand and a Jan Steen on offer from Richard Green, the two top British dealers who seem to have grabbed the best sites at the fair. They are surrounded by Colnaghi and Bernheimer, Marlborough and Waddington, Noortman and Perrin, Mallets and Newhouse, all the big cats in the business from London, Paris,

New York, and the world, all offering works of art, mainly pictures, that they have held back to dazzle the collectors and museums that flock to Maastricht.

The fair knows few barriers, apart from quality, and to rival the Rubens the Marlborough is offering a Francis Bacon triptych priced at \$8m. Throw in paintings by Cypri, Canaletto, Picasso, Matisse, Ruisdael, Bonnard, and many more, fine antiques and furniture, tapestries and ceramics, and you realise why over 55,000 of the serious players in the antiques game will have

come to Maastricht by tomorrow evening.

By being situated in the south of Holland, a few kilometres from Belgium and Germany, and starting at a time when this region spawned many new rich collectors, Maastricht has expanded to conquer the world. What pleased the 167 dealers most was the re-appearance of the Americans, including the leading antiquities buyer George Ortiz. The attendance was up on 1996 and trade was brisk.

"We conducted as much business during this year's private view as we did during the whole fair last year" said Frances Norton of S.J. Phillips. Dutch Old Master specialist

Johnny van Haeften had sold 12 paintings by Wednesday, priced up to £300,000, including an important still life by Van der Aert and a Mielis interior.

Colnaghi quickly sold one of its star lots, kept back to startle the fair, "The arrival of the Ismaelite merchants" by the Safflens, and Waddington found buyers for Barry Flanagan's leaping hares.

Bernard Shapero sold a first edition of Goya's "Los Caprichos", with all its 80 plates, for around £30,000 and the New York dealer Otto Naumann proved that not all the prices paid at the Jacqueline Onassis sale last year were crazy: a watercolour of a

fieldmouse by Rochus van Veen, which he acquired for \$10,925 at the auction, he sold this week for around \$25,000.

Not many dealers were keeping mum about their sales. This year the Dutch authorities have put pressure on dealers to declare transactions for Dutch VAT, which at 6 per cent of the selling price is much higher than the 17½ per cent on the profit margin demanded back in London. You also have to register for VAT in Holland, requiring a mountain of paperwork. Most dealers are sensibly waiting to confirm their sales back in London.

Anyone who feels that Maastricht might be out of their class will be more than content with the British Antique Dealers Association annual fair, currently open for business in the Duke of York's HQ in London's Kings Road. No fair could be more quintessentially British, indeed English, and on offer are the type of antiques that hardly make an impression in Maastricht, notably 18th century brown furniture, mainly mahogany, of the type loved by traditional English collectors.

The food is also better in Chelsea - there was almost a riot in Maastricht at the opening gala where punters paying over £70 for a ticket had to scuffle

for tiny pieces of liver, the only hot food seemingly available. BADA prides itself on its cuisine, its gracious atmosphere, its style.

Trade at Wednesday's opening was remarkably brisk. Nicholas Forde of Norwich, at his first fair, sold six pieces of furniture, ranging in price up to £5,000. Like many regional dealers he uses the BADA fair to meet new clients, and they were there in surprising numbers. Suddenly confidence has returned to the antiques trade and collectors are keen to buy again - although not to pay excessive prices.

Anyone popping over to New York for the Asian Art Fair which opens next weekend should also make a point of visiting top oriental dealer Giuseppe Eskenazi's first New York exhibition, of Han and Tang pottery figures, on display at 28 East 75th Street.

Rosemary Butcher has always been one of the British dance scene's outsiders. During the 1960s she was Dartington College's first contemporary dance student. A subsequent period of study in New York brought her into contact with the experimental, improvisatory work of the Judson Dance Theater.

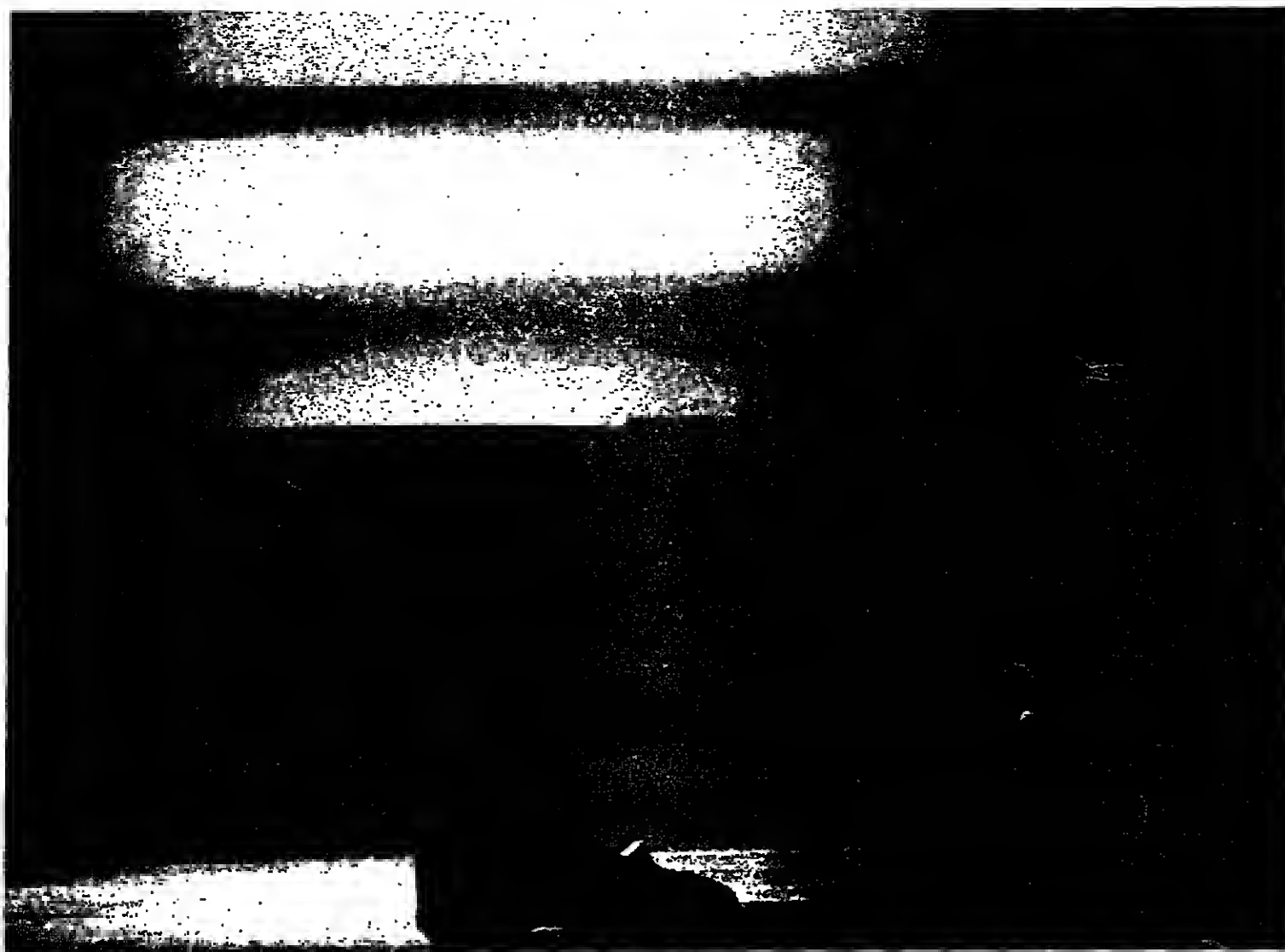
By the time she returned to Britain in the early 1970s her dance experience differed significantly from that of her contemporaries (such as Richard Alston and Siobhan Davies), and her choreography, clearly shaped by her exposure to American post-modern dance, harboured an intellectual rigour which set her apart from the more politically motivated artists of the New Dance movement and, later, from a modern dance culture in which technical prowess and busy theatricality became increasingly valued.

Over the past two decades Butcher has pursued her own dance vision with complete clarity of purpose, ignoring passing trends if they threatened to compromise that vision. The Royal College of Art recently hosted the first phase of a three year retrospective dedicated to Butcher's creative output between 1976 - the year in which she formed her own company - and 1996. Butcher was one of the first British dancers to place her work within gallery spaces - 21 years ago she chose London's Serpentine Gallery as the venue for her company's inaugural performance - and the current revival of *Body as Site* (1993) makes ample use of the RCA's Gullbenkian Galleries.

Here, a quartet of collaborators - visual artists Anya Gallaccio and Ron Haselden, graphic artist Paul Elliman and architect John Lyall - have designed autonomous environments to which she has responded. The four performance zones, located in separate areas of the gallery - thus requiring the audience to follow the dance around the building - are the containers for group and solo activity.

Most visibly striking is the final section, performed on Gallaccio's wall-to-wall carpet of angel hair, in which Butcher plays with her perception of gravity and weight, and the dancers seem controlled by their environment, unable to extricate themselves from the alternating bouts of tenderness and agitation that it provokes.

Like earlier pieces such as *Spaces 4* (1981), *The Site* (1983) and *Imprints* (1983), *Body as Site* exemplifies an indissoluble relationship between choreography and design, and the interaction of human movement and inanimate objects. Over the past few years, however, a new lyricism has started to



An indissoluble relationship between choreography and design: a quartet of collaborators designed the environment to which Butcher responded with 'Body as Site'

## Dancer in her own space

Sophie Constanti on the work of the choreographer Rosemary Butcher

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colour Butcher's work. Her formal concerns - structure, image, language, presentation, detail - are still apparent, but whereas *Spaces 4* is a rather circumspect exercise in defining the literal and virtual spaces suggested by Heinz-Dieter Pletsch's arrangement of white, plywood corners, the much later *Unbroken View* (1995) is filled with evocative reels of highly personalised movement wherein memory, and the tricks it plays, triggers the dancers' repeated fragments of recovered material.

We see three bodies rolling rapidly across the floor in a single chain, only to break apart. Fin Walker, supine, rocks her upper body from side to side, or jumps like a startled animal; Michele Smith freezes into a shrouded stand or press up; Gill Clarke repeatedly spirals to the ground as though pulled by an invisible thread attached to the top of her head. The gauzy light, projected images and ambient soundtrack add further layers of mystery.

The brand new *Fractured Landscape, Fragmented Narratives*, still a work in progress, occupies similar territory. Henry Montes and Fin Walker, locked together in a series of enigmatic duets, are simultaneously haunted and displaced by the accompanying video images of themselves.

While the dancers' movement hints at the rhythm and steps of social dances such as the jive and lindy-hop, motion is frequently arrested and phrases re-explored. Innocuous physical contact is transformed into a curiously turbulent relationship, its store of tensions enlarged and intensified by

the cinematic quality of Butcher's (and her collaborators' - Noel Bramley and Jonny Clark) setting. The dancers' visceral impulses register as true to their outward gestures, and the hidden richness of Butcher's work has never been made so vivid.

Rosemary Butcher in *Retrospect* continues until 1999. Reconstruction of the trilogy *d1*, *d2* and *d3* and the completion of *Fractured Landscape, Fragmented Narratives* will take place this year.

but whose creations still find a home with the corporation. On the debit side, *Envious Casca*, a George H. Remy comedy-thriller set in the 1930s, rashly began with a laughing exchange about the pronunciation of BBC announcers - or "announcers" as the actress, evidently a recent recruit from the till of an inner-city fish shop to the glided toffery of country-house weekends, put it. If these and producers are so cloth-eared that they cannot get period accents and intonation right, listeners can be excused for turning off even before Susannah York enters.

Back to grim reality. *Perceptions*, though more of a string of random episodes than a focused series, ended rather well, giving the lie to the idea that the extended family is no more. An Essex girl with 11 children was awaiting her 41st grandchild, being borne to her gay son by a lesbian couple. The son lived with his male partner and the male partner's two teenage sons by his previous wife (the boys sounded sensible if understandably lugubrious). I got lost in the Habsburg-like genealogical ramifications but it was fascinating and you couldn't have made it up.

Other recent radio snippets: Blackbeard the pirate plaited smoking fuses into his beard when he attacked, his face surrounded by a sulphurous halo (*That's History*); desert sands can produce booming, barking or squeaking sounds (*Science Now*); they should audition for the Danny Baker slot.

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## Television/Christopher Dunkley

## Life on the ocean wave

Thank goodness for Steve Humphries, producer of *The Call of The Sea*, a six part series beginning at 8.10 this evening on BBC2. Humphries is the man who races around the country, sometimes only a few steps ahead of the chap with the scythe and the hour glass, getting elderly people to pour out their memories and their hearts for his camera. He is not the first to do it. Nearly 30 years ago Stephen Peet began a wonderful series for the BBC called *Yesterday's Witness* which captured on film people who could still recall the strikes by school children in 1914, the early years of powered flight, even the Boer war and the activities of the suffragettes. It was enthralling stuff, history from the mouths of those who lived it.

Humphries carries on, and enlarges upon, this relatively new tradition. It is clearly his sense of urgency - the realisation that his source material is disappearing around him every day, that if he does not film these people now their knowledge and experience will be lost to all posterity - which drives him on from one topic to the next. His previous series include *A Labour of Love*, *A Man's World* and *A Secret World Of Sex*. They tend to share an interest not only in the recent past but in the more hidden parts of our lives, especially the sexual aspects (in the broadest sense, from the macho contests of young men to family planning).

This is also true of *The Call Of The Sea*, or at least of today's episode which has quite a hit to say about sailors' towns, sexual initiation and a wife in every port. "It wasn't true, we only had wives in some ports..." Watching this programme you realise that, because they have inhabited a different element from most of mankind, sailors have always been a race apart, strange beings who arrive in your midst from beyond the horizon, stay a short time, and disappear again into the blue. You also realise how very recently it was, well within living memory, that Britain ran the largest empire the world has ever seen, with the world's most powerful navy, a merchant fleet which carried half the world's trade, and at home, an unparalleled fishing fleet. It is not the purpose of the programme to say whether this was a good or a bad thing. What it does is highlight how very different life was then, and what huge

attractions there were in going to sea. Mervyn Wingfield, a Dartmouth cadet and then an officer in the Royal Navy, was posted to the China fleet in the 1930s and jokes that the life there was often referred to as "sailed, dived, yachting". He talks of much golf, buying his Chinese servant, and the fact that officers' wives followed the fleet in steamers and then stayed on shore with their husbands. George Field had a very different experience, walking from Wandsworth to Tower Bridge as a boy, falling in love with ships, and eventually becoming part of the merchant marine.

What comes across repeatedly is the fact that, for many, the "romance" of the sea has been anything but a myth. This also emerges powerfully from the book, similarly entitled *The Call Of The Sea*, which Humphries has produced to accompany the series. The book has the advantage of longer versions of the interviews, the disadvantages of lack of the facial expressions of the interviewees and the fascinating archive film clips, though it does have some splendid still photographs. The one regrettable fact about series and book is that Humphries seems to have done so little about tracking down the last survivors from the final days of the windjammers. Man has surely never created anything more majestic or enthralling than the great square riggers, and soon everyone who ever sailed one in earnest will be dead.

Earlier, at 8.15, BBC2 begins another new six-part factual series, *Travels With Pevsner*, in which different presenters travel to different parts of the country taking with them the relevant volumes of Nikolaus Pevsner's famous *Buildings Of England*, and re-visiting some of the most notable places mentioned. The least effective part of this opening programme is the style adopted by presenter Dan Cruickshank who speaks in a portentous whisper and attempts an intimacy with the viewer via the camera which would seem pushy coming from your own brother; the most effective part is the glorious footage of Norfolk countryside and architecture. Given the title of the series it would have been nice to hear rather more of Pevsner's own words. In next week's programme Janet Street-Porter goes to Yorkshire.

## Radio/Martin Hoyle

## Yob culture beneath the surplice

perately - used the word "playful", and the Independent, whose spokesman touchingly said he would miss Baker's "interlecksbul" element.

All seemed to assume that Richard Littlejohn, Baker's replacement, was a sort of reactionary fire to Baker's populist frying-pan. As viewers of his TV chat show concede, Littlejohn is not as pre-

dictable as stereotypes would like to think; and nobody's fool, unlike his predecessor who seems to have been a fool to himself most of all.

A belated blow against the yob culture from the BBC is as unexpected as an Anglican vicar who subscribes to the supernatural, showing how the cult of iconoclasm has got of hand. The admirable Brian Hayes once

shocked us with his apparent rudeness towards those bigots and time-wasters that crop up on phone-ins; today he seems merely professional, briskly defending civilised standards. Dr David Starkey, on the other hand, is simply rude: personally aggressive when coherence and clear argument fail him, the egghead's Danny Baker. Beneath the surplice you find the makings of the yob

culture even in Trollope. Radio 4's serialisation of *Franklin's Paragon* is additionally well done. David Haig combines naivety and smugness as the come-uppance-courting cleric and a fine cast hints at the sleaze seemingly endemic in our public life for at least a century and a half.

The World Service's *School for Scandal* was a sturdy contribution to its long-running history of the British theatre. Robert Lang perhaps sounded too old even for Sir Peter Teazle (one feared a cardiac in the screen scene), but supporting roles were in the hands of such stylists as John Moffat who can do such comedy on his head.

Thursday's afternoon play on Radio 4, *The Earthquake Girl*, had genuine charm and individuality: the story of Edie, a northern librarian, the Mitty-ish romance she is writing, and nice, smitten Mr Errol Maroon, who faints every time she stamps his books. Katie Hims's play was directed with lightness and restraint by Kate Rowland, aided by a cast that knew when not to exaggerate - Saskia Reeves, Jane Hollowood (an old Ayckbourn band from Scarborough), Barbara Marten, Burt Caesar, Philip Rham and the wonderful Jean Alexander whose Hilda Ogden may have left *Coronation Street*

... a triumphant restoration of a tremendous ballet. *Financial Times - 1996*

Kenneth MacMillan's

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# How to Spend It

## Fashion

### Shoes, bags and belts steal the show in Milan

Last week's hottest tickets were to shows with the best luxury goods dynasties, says Karen Wheeler

**T**he revival of the 1980s power suit, the short skirt and real fur—these were the big news stories at the Milan shows last week. For many of Italy's top designers however, the real story and the big business lies not in the frocks but in the accessories shown alongside them. Increasingly, it is the bags and shoes, gloves, belts and other finishing touches which are attracting the dollars, pounds and yen and generating the excitement.

In the same way that the French couture shows are primarily a means of creating publicity to sell hosiery, fragrance and ties rather than one-off £20,000 garments, so several of Milan's ready-to-wear shows seem chiefly designed to act as a showcase for luxury accessories.

It is no coincidence that last week's two hottest tickets were to the shows with the best established luxury goods dynasties—Prada and Gucci, two of the fastest growing and most influential designer labels in the world. Both have revived their fortunes in recent years by making a serious fashion statement which has in turn increased the allure of their expensive bags and shoes.

According to Armando Bvanchini, a luxury goods consultant based in Milan: "To put things in perspective, the turnover in clothing is growing very fast for companies like Gucci, Prada and Ferragamo. It is larger than many international labels working just in clothing."

The Prada phenomenon, for example, began soon after this fashion house, known chiefly for its leather goods, branched out into making its own-label clothing and showed it on the catwalk in 1988. From that moment on, its handbags, long a best-kept secret among fashion's inner circle, were propelled into stardom around the world. Retail sales are forecast nearly to double from L730bn (£265m) in 1996 to L1,304bn this year.

Ever since Tom Ford took over at Gucci as creative director with a mandate to take the brand to the cutting edge of fashion, Gucci has been a buzz brand and sales have risen inexorably—net revenues increased by 88 per cent to \$390m (£238m) in the first half of 1996. Last week Ford caused a stir by revisiting the 1980s and re-introducing the built-up shoulder bag for autumn. He also showed wide leg trousers, micro-short pinstripe skirts with side slits, fur jackets in searingly bright colours and stark black evening columns with bondage overtones.

But with only 12 per cent of turnover accounted for by clothing, and leather goods and shoes representing a substantial 52 per cent and 18 per cent respectively, the real interest at Gucci's Milan show was the ponyskin purses and clutch bags, the pointy toe, needle-thin stilettos and the wide black patent belts with enormous double-G logo buckles. Just as the gilt-edged courier bag with snaffle detail was the "must-have" accessory among the fashion crowd last autumn (in spite of its \$960 price tag) these will undoubtedly be among the bestsellers for autumn 1997-1998.

At Prada—where 26 per cent of sales in 1996 were accounted for by clothing, 43 per cent by bags, 16 per cent by shoes and 15 per cent by other accessories—the grey tailored coats, wide leg trousers and pretty gladiator-style chiffon evening wear in bruised plum predominated on the catwalk. But next autumn it will no doubt be the stiletto or chunky heeled court shoes in high-gloss leather or exotic skins and shades of purple or bottle

green that will outsell the clothes.

On the Ferragamo catwalk meanwhile, cocoa coloured thigh boots and flat shoulder bags in highly polished leathers or raspberry coloured suede stole the show. In comparison, the quiet, tasteful clothes—the cashmere ponchos, suede pants and shearling coats—seemed little more than a backdrop. At Ferragamo—a family-owned company which started making women's shoes in 1927 and introduced clothing in 1989 to create a total image—shoes remain the core business, accounting for 48 per cent of overall sales. Bags and small leather goods represent 31 per cent; women's and men's clothing, a mere 11 per cent.

Reflecting the worldwide boom in luxury leather goods, Ferragamo's turnover increased from L518bn in 1994 to L728bn in 1996 and L851bn in 1996. For autumn 1997 wedge evening shoes in metallic leathers—almost identical to an original 1938 style—or chocolate suede court shoes or stiletto heels will no doubt rack up Ferragamo's profits even higher.

And few Ferragamo customers will be able to resist the envelope bags in a leather made to look like highly polished walnut or graded in the colours of a crème caramel.

Marquesa di San Giuliano, vice-president of Ferragamo's leather division, says: "Now is not a moment for a complete look. On the catwalk we show how to

wear an accessory and illustrate the mood and the feeling rather than a matching head-to-toe look."

Even at Giorgio Armani, 42 per cent of the annual turnover is accounted for by accessories. "Not many people realise that the bags, jewellery, scarves, gloves, and hats are so important at Armani," says a spokeswoman.

For autumn 1997-1998 the very chic, gently fitted jackets and pants suits in his signature line were accessorised with clutch bags and purses in exotic skins while beautiful fringed velvet shawls were draped around a simple camisole top and pinstripe trousers for evening.

For top retailers, the boom in accessories is causing great excitement. "Designer accessories are growing faster than our total business, no question about it," says Patrick Hanly, commercial director of Harvey Nichols, which opens a new Moschino accessory boutique on its ground floor on Monday.

The trend was evident in Milan with labels such as Dolce & Gabbana showing more accessories than ever on the catwalk. "And it is not just leather goods, we do incredible business with scarves and sunglasses by Gucci, for example. Customers just want to buy into certain brands," Hanly adds.

Similarly, Dawn Mello, president of Bergdorf Goodman, New York, reports "a dynamic business in accessories which is increasing year

on year. High quality is everything—particularly as clothes have become more simple", she says.

Mello was particularly impressed by Gucci this season.

Following the success of Tom Ford at Gucci, other luxury goods brands have

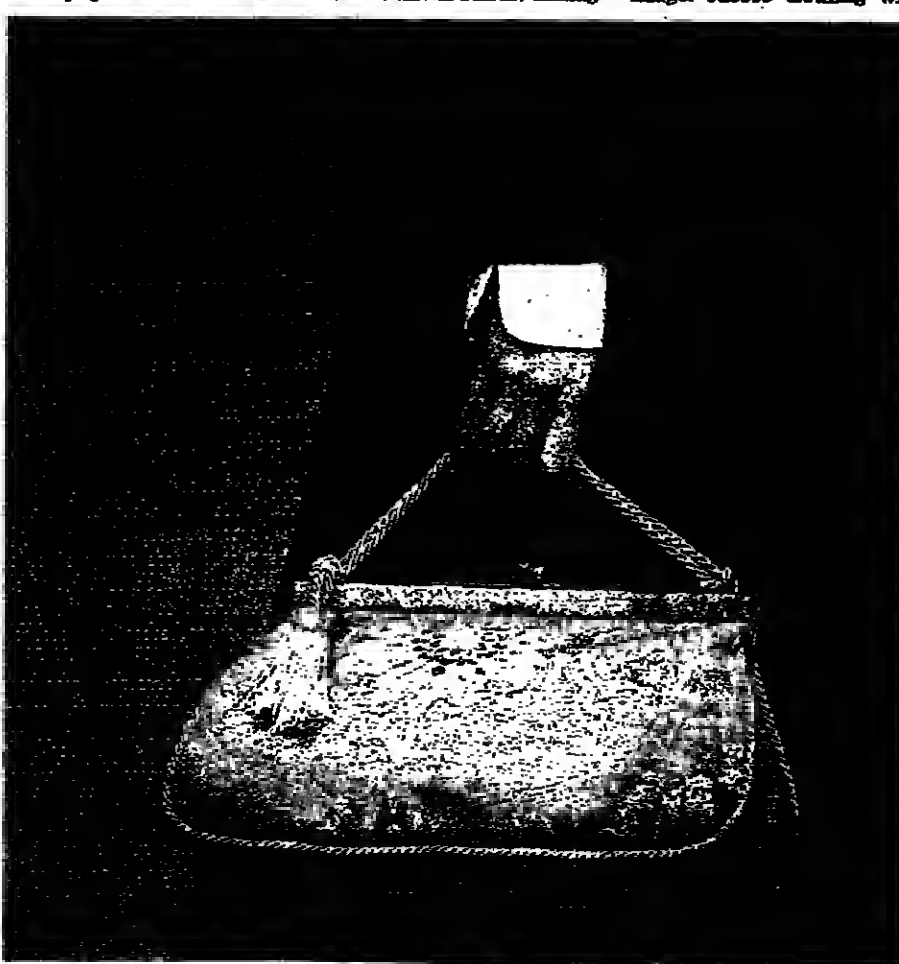
cottoned on to the fact that a "buzz" name can really boost sales. Louis Vuitton

for example, has recently appointed American designer Marc Jacobs as artistic director. "It is all about creating excitement around the brand," says Peter Duncan-Smith, managing director of Louis Vuitton

UK. "Marc Jacobs is one of the hottest, most cutting edge designers in the world. His brief is to bring excitement to an already commercial environment." Half the battle is to create a "cool" image. Jacobs clothing will

■ Far left: top, stepping out in high-heeled stilettos by Moschino.  
■ Below: skins are in at Emporio Armani.  
■ Centre: suede pants, high heels and a matching bag by Ferragamo.  
■ Below: top, brown suede high boots by Ferragamo. Below, richly coloured clutch bag from Gucci.  
■ Bottom picture—tassels and rich embroidery at Dolce & Gabbana.

Photographs by Neil Mahoney



therefore be aimed at customers in their 20s, rather than those in their mid to late 30s, who until recently constituted the core clientele.

It is not just companies with a pedigree in luxury goods that are launching clothing collections. At the same time ready-to-wear labels are muscling in on the lucrative accessories market. Dolce & Gabbana, one of Milan's most directional and fashionable clothing labels, is planning to build on accessories; which at the moment account for just 20 per cent of business. Last winter's animal print frame bags were a big hit while this summer's floral print wedge shoes (about £300 a pair) have already sold out. For autumn 1997 feathered bags and hats decorated with plumage stood out against opulent velvet evening coats with contrasting fur trim collars. The label plans to capitalise further on the trend by opening a shop dedicated to accessories on Milan's Corso Venezia.

So why are accessories booming worldwide? For one thing, not everyone can fit into a pair of Gucci hipsters—yet anyone can appreciate a beautiful bag. Moreover, while it is difficult to overhaul one's wardrobe to meet fashion's endless recycling of the decades—1980s, 1970s and in Milan last week, the 1980s—one can easily update it with a new pair of shoes. Fashion is becoming a very personal affair and is increasingly about pieces

rather than wearing a head-to-toe designer look.

So apart from stiletto court shoes and clutch bags what was new in Milan for autumn? The return of the power suit, with built-up shoulders is on the cards but will probably not catch on for a good few seasons yet. A more likely bet is the coat trouser suit—narrow leg trousers with a long, even ankle-sweeping jacket—which was seen at Armani and Dolce & Gabbana among others. Grey flannel looks set to replace last winter's new chocolate brown, while black is the new black—particularly for evening. Even Versace avoided aggressive colours in favour of burgundy, dark green and black.

Evening wear looks particularly luxurious with lots of silks, with raised and embossed surfaces, sparkling lace and embroidered chiffon. Light, delicate layers of clothing and fragile evening pieces looked especially desirable at Alberta Ferretti. Finally, you can tell a lot about how the market is moving by what fashion industry insiders are buying—for the time being that is still shoes from Prada, Gucci or Sergio Rossi. On the flight home from the Milan collections, the overhead lockers were filled with expensive shoes. And spurred on by the weak lira, the scene at the Prada shop on Milan's exclusive Via Spiga, was as one fashion editor put it, like a supermarket on a Saturday morning.

add a da



## SPORT

## Sporting Profile

# Another chance to cha-cha-cha on the 18th

José Maria Olazabal has become a walking advertisement for alternative medicine. Derek Lawrenson reports

Perhaps the defining moment of Europe's 1987 Ryder Cup victory over the US came at the victory presentation, when a 21-year-old Spaniard danced an impromptu cha-cha-cha on the 18th green. José Maria Olazabal had begun the three days of competition so nervous that he could barely hold still a club in his hands. As his partner Severiano Ballesteros acknowledged the applause of the crowd, Olazabal had been almost morose.

A first Ryder Cup win on American soil allowed him to display a different mood. The relief at finally being able to let his emotions show became obvious and his exuberance provided an unforgettable snapshot of the contest's essence.

Over the last two years I have found myself thinking about that moment a lot. As those same feet that had strutted at Muirfield Village gradually betrayed their owner, as Olazabal went from having complete control of his faculties to limping around the course, to contemplating life in a wheelchair, I could not help but ponder life's occasionally grotesque vicissitudes.

Tragedy is a word that has become almost numb in a sporting context through frequent misuse but here was an authentic sporting tragedy. Olazabal, despondent, depressed, retreated so completely from view that he was seen in public just once in 18 months. Then, as Joseph Heller once remarked, something happened. A fortnight ago, at the Dubai Desert Classic, Olazabal returned. Far from being disabled he was walking, normally and hitting shots with the same intense ferocity as before. In his first tournament for a year and a half he finished joint 12th, his total of 279 including a 65 in the third round that may well stand as the most remarkable 18 holes played in an emotional appearance at Augusta next month, where he won the Masters in 1994.

Olazabal has become a walking advertisement for the wonders of alternative medicine. Fifteen months ago he was diagnosed by the Mayo Clinic in Westchester, New York, as suffering from rheumatoid arthritis.

Considering the crippling disease runs in the Olazabal family it seemed a reasonable prognosis. Olazabal was suffering so badly that by last July he had to crawl the 10ft from his bed to the bathroom. He was so dejected he could not watch Tom Lehman's victory in the Open on television.

Two months later he visited the Munich doctor Hans Wilhelm Müller-Wohlfahrt. He has such a reputation among athletes such as Boris Becker, Katarina Witt and Daley Thompson that he is known as Doctor Feelgood. Since he will not discuss his methods and forbids his patients to discuss them either, they are shrouded not only in mystery but controversy.

Müller-Wohlfahrt rejected the Mayo Clinic's diagnosis. He told Olazabal about a hernia that had lain untreated at the base of his spine. He added that if he followed the course of treatment that he suggested for three months he would walk again.

Olazabal's return to golf could not have come at a better time for the European Tour. No player with his talent or charisma emerged during his absence and all the other crowd pleasers, bar Colin Montgomerie, are pushing 40.

**Olazabal was suffering so badly that by last July he had to crawl the 10ft from his bed to the bathroom**

What a stirring reminder he has already provided of what has been missing. His work ethic remains something to behold. Each day in Dubai he played 18 holes and then practised for a minimum of three hours. The only concession he made to his feet was a short break every 45 minutes or so.

He always was the complete perfectionist. He said before the start of the tournament that he was not burdening himself with any expectations but by the third day he was angrily kicking sand when a bunker shot had the temerity to roll 8ft beyond the flag. Any young player wanting to know what it takes to make the top level could have done worse than follow Olazabal around for that week.

Olazabal was almost literally born to golf. His mother, Julia, giving birth in a farmhouse overlooking the 9th green at Royal San Sebastian on the day the course opened. The previous day, Julia had tended to the pines. Olazabal's father, Gaspar, had mown the greens. The course is situated a few miles south of the Pyrenees and Olazabal is so firmly attached to the area that when fame and fortune allowed he built his own house overlooking the 7th fairway.

By the time he reached his middle teens his short game was

already being mentioned in excited tones. The whisper was that the Basques had found their own Ballesteros.

Certainly the comparisons were valid around the greens. There did not seem to be a spot from where Olazabal could not get down in two. He came to Britain on several occasions to gain experience of top-class amateur golf and practically each time returned with a trophy, becoming the first player to win the British Boys', Youths', and Amateur championships.

By the time he was 21, though, the comparisons with Ballesteros were not flattering but an insult. His golf was far too good for him to be considered the second anybody. The 1987 Ryder Cup was the making of him, his partnership with Ballesteros the most evocative in the 60-year history of the matches.

What a pair they made, chattering constantly in Spanish down each fairway. Olazabal's nerves on the opening day led to a succession of poor shots; each time, Ballesteros was by his side, ever the doting patriarch. Olazabal blossomed to such an extent that by the end he was the dominant partner, coming up with a series of breathtaking strokes as Ballesteros struggled. They played together as well in each of the three Ryder Cups that followed - pity any captain that tried to split them! - to make 15 matches in all. They lost only twice.

With the confidence that follows prospering in such pressurised circumstances, Olazabal quickly established himself as one of the best players in the world. Yet when Ian Woosnam won the Masters at Augusta in 1991, thereby continuing a run of European successes in the event, Olazabal was one of the few who could not join in the celebrations. He had had his own chance to win, a bogey five at the 18th-proving his undoing.

Golfers of his stature invariably brood for a long time over such mistakes. There are times when bogeys are forgettable but the final hole of a major championship, when a par is needed to force a play-off, is not one of them. The fact that he was 24 and still learning did not prevent a prolonged bout of self-appraisal.

It took Olazabal three years to come up with a solution. Finally, as the 1993 champion Bernhard Langer slipped the winner's green jacket on to his narrow shoulders, he could forgive himself.

He did not have any chance of completing a successful defence. Olazabal had taken the winter off to have an operation on what was diagnosed as an elongated big toe. When he returned to golf in the March of 1995 he was still clearly in some distress.



Augusta, with its swooping fairways, made life difficult for him. Still, the talk was that he would be fit again by summer. But June and the US Open came and Olazabal had to plunge his aching foot into a bucket of ice after every round. By August, and the USPGA Championship, he was hardly able to walk. In the circumstances, his 66 in the second round at Riviera remains one of the bravest I have seen.

It was enough to convince the Ryder Cup captain Bernard Gallacher that Olazabal was worth a wild card place but after being selected the player backed

down. The diagnosis of rheumatoid arthritis had been made and rest was the only cure.

So began a vortex of anguish from which Olazabal has only just emerged. It was not as if he lost only golf. One by one, all the other pleasures of his life were taken from him as well.

Every winter he would go hunting with his father in the hills around San Sebastian but now walking was out of the question. He tried shooting from a fixed spot but even that proved too much. He stopped going down to the village of Fuenterrabia, where the fishermen would greet him upon

their return and offer him the finest and freshest of their catch.

And he stopped going to his favourite restaurant, where the proprietor, a former matador, would greet him each time with a bear hug. For nine long months Olazabal had no quality of life at all.

At least Dr Feelgood has given him that back, and although it is unlikely that Olazabal will ever be able to play as much golf as before the prospects seem good that he will be able to play enough to regain his status as one of the world's best.

In Dubai, he revealed that he

had lost none of his drive, and also none of his charm. He was asked one day whether an audacious blow that he had played to the 18th green had been a gamble. Almost at once he smiled and said: "Not when you're young and reckless."

He may even make this year's Ryder Cup and what a poignant occasion that would be given that it will be the first to be held in his native land, and Europe's captain will be his old partner Ballesteros.

It will also be a decade to the day since a young man, oblivious, cha-cha-cha'd away to create an indelible memory.

## Rugby

## Titles, tours and pride to play for

Today's Five Nations matches have layers of interest, says Huw Richards

Welsh fans' attitudes to England line-out king Martin Johnson are all a matter of timing. Today he will be an object of fear and dislike, rightly perceived as one of the main obstacles to Welsh chances of beating England in the last international at the National Stadium (it is to be demolished to make way for a lottery-funded successor designed for the 1999 World Cup).

But come May and June, those same fans will be cheering the 6ft 7in Johnson as a member, and possibly captain, of the British Lions XV in the three-match test series against South Africa. Any European Five Nations match has intrinsic interest - today's more than most as the conclusion to the most entertaining series in years. A draw with Scotland in Paris would be enough for France's 11th outright championship, with a win bringing the bonus of a fifth Grand Slam.

If they slip up, England can steal the title on points difference by beating Wales in Cardiff, a victory which would also bring their first ever hat-trick of Triple

Crowns and 30th in all.

Wales have no prize to play for, but the respectability of a 50 per cent record and the never-to-be-underestimated satisfaction of upsetting the English are targets enough.

An extra layer of interest comes in the jostling for the 35 places on the Lions tour. The selectors have already given some idea of their thinking in a 62-name long list released three weeks ago, but both they and thousands of amateur selectors will be looking at performances in this weekend's matches for indications of potential performance in South Africa.

Johnson, 27, already a Lion from the 1993 tour of New Zealand, points out that a single brilliant display is less likely to bring selection than in the past. "There was a time when the selectors only had the Five Nations to go on - four matches. Now there are a lot more international matches and a lot of players from different countries competing against each other in the English leagues as well."

His mind will be firmly on Cardiff rather than Johannesburg this afternoon, but

he has no doubt that the modern professional values a Lions place as much as his amateur predecessors ever did.

"To be chosen means you have been judged one of the top players in Britain, and this tour is going to be big news in South Africa, where they haven't had a Lions tour in 17 years," Johnson says.

That last tour was led by

**Wales have continued to win when it is close, as it should be again today**

an England lock forward, Bill Beaumont. With none of the current Five Nations captains certain to make the party, never mind the test XV, much recent speculation has suggested that Johnson might emulate Beaumont. His own reaction is noncommittal: "I don't lie awake thinking about it and when the team is announced and it is somebody else I'll be

happy to support them. But if it comes my way, I won't run away."

His experience of captaincy at senior level is restricted to a few matches at Leicester this season, in the absence of Dean Richards. But that limited experience is far outweighed by status as one of the few virtual certainties for the Lions test XV. Only England prop Jason Leonard and the half-back pairing of Wales's Rob Howley and Scotland's Gregor Townsend look similarly assured of a test place, although Johnson notes: "It is dangerous to start picking your test side in March when the matches are not until June."

"Your test team should be the people who are in form on the tour, not three months earlier. And on any tour there are players who win places unexpectedly and others who disappoint."

The odds are that he will be joined in South Africa by the rest of the English pack and most of the Welsh backs, a balance of forces likely to be reflected in today's match.

Wales's problem will be to extract sufficient possession from the confrontation

between their less accomplished forwards and the England juggernaut to give their brilliant backs a chance.

Their chances are diminished by the injury to mercurially creative outside-half Arwel Thomas, whose exclusion from the Lions long list was challenged only by the absence of England wing Jon Sleightholme as the least explicable decision of the whole process.

Sleightholme will at least get his chance to prove them wrong today, when England's tendency to move simultaneously both forward and back is epitomised by the retrograde squad recall for veteran outside-half Rob Andrew and the overdue selection of Leicester's exciting scrum-half Austin Healey.

England have won in recent years at Cardiff when they have been so superior that Wales have been completely shut out of games. Wales have continued to win when it is close, as it should be again today.

And France, buoyed by their heroic last quarter ambush of England, should complete their Grand Slam at Scotland's expense.




A favourite for a Lions place is Adam Hastings, one of Wales's brilliant backs

English



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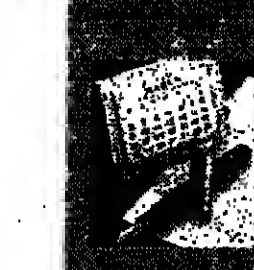
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## HOW TO SPEND IT

Candles have become the essential 1990s gift, decoration or soothing companion, says Lucia van der Post

What on earth did women give each other before candles became the totemic gift of the 1990s? At almost every metropolitan dinner party they are the votive offering, the friendship counter exchanged instead of flowers, bottles, wine or the dreaded and fattening chocolates.

They make perfect presents, being at once enchanting and eminently usable. My own house cannot be untypical - where once there was a matching pair of candles on the dining-table, a couple of scented ones (preferably the classic French Rigaud Cypres or Czech & Speake's Frankincense & Myrrh) discreetly placed about the house there are now banks of candles in all sorts of places, from great big clusters on the wooden table from Rajasthan to smaller groupings on mantelpieces, sideboards, sofa tables, in bedrooms and bathrooms as well as living-rooms and dining-rooms.

Candles have become as essential to the mid-1990s house as flowers, books, music and wine.

If you're thinking of the small, white candle found gracing the conventional home, think again. Candles have become an art form. Anne Séverine Lotard is the Frenchwoman credited with changing the way in which candles are regarded - it was she who turned the candle into a monumental object of beauty.

When Joseph Ettedgui put the candles into his Fulham Road Joseph shops about a year ago they attracted more attention than the clothes. The notion that they could have this potent presence, that they could be a work of art as well as cast such a warm light was a revelation.

Lotard's candles have become a cult buy among the well-heeled architectural elite. Well-heeled is the operative word, given that the biggest of her works costs £900 and the smallest come in at £25, prices which make the art of setting light to them seem something remarkably akin to a chargeable offence. Though as the charming people at Interior Bis, 60 Sloane Avenue, London SW3, who also stock Lotard's range point out: "If you buy the pear or tea-cup shaped candle, the wick burns down the centre, leaving the outside shell intact and you are left with a beautiful empty shape through which light can be delicately reflected."

At The General Trading Company, in London's Sloane Street, the buying team first saw Lotard's work in Paris and all five members of the team,



Clockwise from front: Minevna, £25, Penhaligon's; Frankincense & Myrrh, £25, Czech & Speake; Aveda, £10; Holiday blend and Fleur de Rome, £20.50 and £14, by The Aromatherapy of Rome, Space NK; Palais d'Elm, £49.50, by Manuel Canovas, The General Trading Company

## Cast a little magic with candle art

according to press officer Stuart Paterson, were so struck by them "we were rooted to the spot. We waited, without moving, for half an hour until she returned, determined to be the first to buy them".

He adds: "Though they do look wonderful in places like New York lofts with concrete floors or in Munich factories with huge ceilings and light flooding everywhere, our customers have nevertheless been terribly taken with them and have bought them in droves. Some people put them in the garden where they do duty as sculpture."

Lotard's candles come in the colours of stone - travertine (like limestone) granite and celadon green - and look as if they have just been hewn. At The General Trading Company the largest (£89) are enormous half-spheres in travertine and they can be used on their own or inverted on top of each other rather like an egg-timer. Other popular shapes are the pyramid shapes (£19), which can be built up like a Brancusi tower.

Every fashionable party these days is lit by enough candles to alter the thermometer levels. Donna Karan's great party last autumn was lit by about 2,000 of Price's best, all in cream and banked in huge groups. Her new shop at 14 New Bond Street, central London, has candles strategically placed to invigorate or calm as you enter the shop.

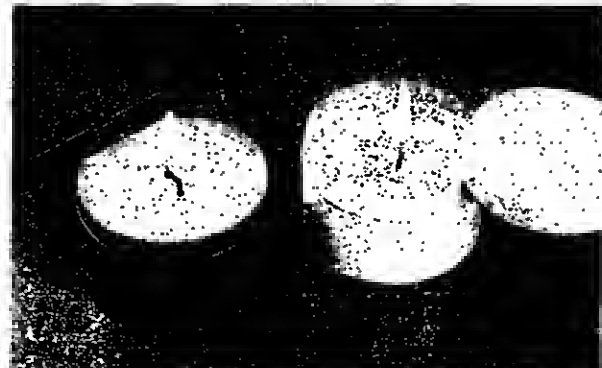
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Donna Karan's distinctive square and oval candles

ture makes great play of the new candle culture and the "sense and sensuality" that lies behind it. They come oval (tall or short) or square (tall or short), in four colours and two fragrances. Invigorating ones, imbued with scents of energising herbs come in ivory and new black. Calming ones come scented with "rich, spicy accords to soothe the senses and create a feeling of tranquillity and warmth" and come in chartreuse and taupe. Prices range from £45 to £65.

Meanwhile, at more user-friendly prices shops throughout the UK are awash with candles of every sort. Even mainstream department stores have caught on to the new mood. At Dickins & Jones in London's Regent Street, for



To calm and comfort, Donna Karan's travelling candles

instance, there are products from a young company called Waterleaf which, among its tea and other "tea-inspired" products, has a collection of smokeless, dripless, slow-burning fragranced candles. No talk here of mimosa,

jasmine, rose or other traditional olfactory staples - here we have Samovar, "a smoky, spicy scent derived from Russian Caravan tea - mysterious, dark and alluring". Or there is "Siblo" - a Japanese member of the mint family... a clean



Brancusi-like towers of Anne Séverine Lotard's candles at The General Trading Company



Lotard's beautiful pear and half-sphere candles

tion of candles - colour-coded this time for the times of day.

Some see in this new candle culture a search for spiritual reassurance and inner harmony in the midst of pre-millennium stress. For others, nothing so complicated is at work - they are simply beautiful to look at and the light they cast has a magic, a softness, no electric version can emulate.

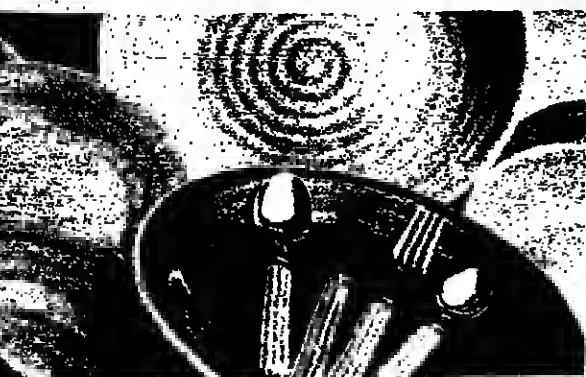
Ettedgui says "there is something so soothing and calming about candle-light, watching the flame flicker has all the hypnotic fascination of watching a fish going round a fish tank".

So much a part of today's lifestyle is the candle that Donna Karan has devised the travelling candle, specially for those who feel withdrawal pangs while in lonely hotel bedrooms or cast adrift in the alien space of the airport lounge. Take out your little pack of tin candles with lids (£25 a pair), helpfully colour-coded in celadon quartz for those who need to be invigorated and platinum for those who need calming. And remember, you're never alone with a candle.

■ Penhaligon's, tel: 0171-836 2150; Czech & Speake, tel: 0800 919723; Space NK, tel: 0171-355 1731; The General Trading Company, tel: 0171-730 0411.

## Add a dash or splash of colour

It is time to go bright, says Lucia van der Post. But this year's trend need not cost the earth



Inexpensive, bright and beautiful outdoor or kitchen tableware

The absolutely mad-dashing thing about fashion - whether in houses or clothes - is that it does change. It's very inconvenient but it's the nature of the beast. Now that we have all got our nice white and cream interiors, Tricia, Guild of Designers' Guild has painted her hall a rich jade green and teamed it with bright red stair banisters, and shops such as Heal's and Habitat are access-

orising their windows and their room-sets with acid greens, citrus lemons and sock-it-in-your-eye orange.

The best advice I remember reading on the matter of trends was to get in early - that way your purchase lasts for the longest possible time. Cautious souls who only finally get round to a trend just as it is about to disappear have only a nano-second to enjoy being in time with the times.

Of course, the cheapest option is to opt out and stay resolutely the same knowing that at some stage of the fashion cycle it is bound to be in tune with you. For those who mind about such things now is the time to add some colour. And just as a suit or a dress can be updated with the right shoes



Jugs, tumblers, plates and more with a little bit of wit and pizzazz

or handbag so the house can be freshened up with a few accessories that do not have to cost the earth.

Carpenter's Cargo Homeshops is a bigish chain of home accessories shops designed to appeal to those who are not into designer price tags and who are looking for inexpensive contemporary pieces to add a bit of wit or pizzazz to their home.

These are not the shops for cutting-edge designs, for the avant-garde or the truly fine and beautiful but they are good places to look for the small practical things of life that even the smartest house needs - inexpensive tumblers, storage jars, lamps, children's chairs (van Gogh-style, £19.99), picnic plates and cutlery, kitchenware as well as cushions, rugs and throws.

After all, if you splash out on some clean-lined, practical frosted blue acrylic storage jars, at £5.99 a time, it isn't going to be the end of the world if you tire of them in a couple of years' time.

Equally the 24-piece picnic set (four plates, bowls, mugs, knives, forks and spoons) in assorted jelly baby colours photographed here sells for just £16.99, and with the jug costing a further £7.99, the hi-ball glass and tumblers costing £1.99 each is exceedingly inexpensive and practical.

Photographed far left is the more inexpensive outdoor or kitchen tableware - brightly coloured, in blue, green and yellow, to go with our increasingly colourful times the plates sell at just £2.99 a time, the bowls at £2.75, the dessert plates at £2.75 while the candyfloss cutlery, in blue, jade and yellow is £32.99 for a 16-piece set.

Those looking for more substantial pieces for the garden, such as tables, chairs, barbecue equipment and even furniture "made from old wood" will find a selection in the shops.

■ For details and addresses of Carpenter's Cargo Homeshops and for mail order information tel: 0800-134950.

The Financial Times plans to publish a Survey on

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## ESSENTIAL LUXURIES

## Trophy bags are more than skin deep

Reptile skin accessories have been discovered by the young and fashionable, writes Caroline Kellett

Handbag makers are finally catching on to what fashion houses Givenchy and Prada have known for some time, that cosmopolitan young women-about-town are eager for exotic skins - whether the real McCoy or faux effects - and in many unexpected colours.

Once more or less the exclusive domain of dowagers in the Lady Bracknell mould, the trophy crocodile handbag, and others like it, have become the must-have status accoutrements for the young and fashionable, their spirits, as well as purses, buoyed by generous economic times.

Chanel, who was credited with introducing the shoulder-bag to polite society in 1929 (it had only been used, as a large pouch with a wide strap, by military men on campaign), might be considered the expert in the field. Chanel's London spokeswoman Bernadette Rendall says: "Handbag materials have diversified under [Karl] Lagerfeld but exotic skins have been in the collection in the last 10 years, and brightly coloured versions first appeared about five years ago."

Louis Vuitton is also in the vanguard of the exotic skins. Its latest collection of vivid-hued ostrich, alligator and lizard, in cutting-edge designs, has made a big impact. So successful was the new range that Vuitton was forced to borrow back bags from clients when the line was officially introduced - there were not enough left in the store.

The house's tradition of using precious leathers started in 1892, when they were used for city bags, rigid suitcases and travelling cases made of crocodile, shagreen and ostrich which were then lined with morocco, sealskin and snakeskin.

Kirstie Lloyd, Louis Vuitton's London spokeswoman, says: "The handbags are appealing to a younger customer who is attracted to the vibrant colours - emerald, cherry and sapphire - but they also give the artisans at our workshops the chance to combine their knowledge of the old techniques with today's techniques and design."

Handbag maestro Judith Lieber also likes to experiment with unusual leathers. Besides the stalwarts, she also uses python, ring lizard and water snake; piecing or gathering the skins to great effect.

"The easiest to handle is snakeskin



Clockwise from bottom left: Green ostrich-skin bag with gift clasp, £2,600, by Chloe at Harrods, Knightsbridge SW1. Yellow 'metallic croc' Monaco bag, £165, from Osprey, 42 Beauchamp Place, London SW3. Green lizard-skin bag, £1,700, by Louis Vuitton, 54 New Bond St, London W1. Large blue crocodile bag, £4,448 from Salvatore Ferragamo, 23 Old Bond St, London W1. Blue stamped 'imperial leather' bag, £259, from Mulberry, 41-42 New Bond St, London W1. Blue Kelly-lock crocodile bag, £4,710, from Hermès, 155 Old Bond St, London W1. Black and white ring-lizard bag with gift handle, £1,125, by Judith Lieber at Harrods.

as it is lightweight, soft and pliable. The next skin is lizard, which dyes to brilliant colours and consequently looks beautiful," Lieber says.

"The hardest to work is alligator which requires great hand skills. The cutting and matching of the hides which go into a bag - sometimes two or three which must match perfectly - take several days of a highly skilled labourer."

She ascribes the renewed interest in

reptile skins to the fact that "young people today have a higher appreciation of texture, quality and durability in a handbag".

A young person with such a refined taste and a limitless budget need look no further than Asprey, where a crocodile handbag, mounted on gold with a pearl strap and emerald and diamond clasp, will set her back £85,000.

More modest aspirations may be assuaged by Asprey's use of bull-

frog, shagreen, elk and tripe.

More unusual skins can be found, too. Tripe is occasionally used for making evening bags because it is so fine and soft ("Popular with the ladies of the Texan Cattle Ranchers Club," says an Asprey spokesman). And Japanese elk was once used to cover the breast shield of the Samurai warrior - his family crest or pattern would be applied in lacquer over the top - a potentially covetable provenance

for the innovative shopper.

For those with neither the stomach nor means to accommodate such controversial accessories, it may come as a relief to know that fashion's rich tapestry has spawned a range of fakes, most noticeably at Osprey and Mulberry where stamped leather has been made into bags of tangerine, lavender, yellow and baby blue in the latest shapes.

Roger Saul, Mulberry's founder and designer, says: "Younger female cus-

tomers seem to go for our brightly coloured reptile printed handbags."

But Jocelyne Zerbib, leather artisan to Hermès, warns: "Increased demand for our exotic skins means that these days you can wait anything up to a year, if not longer, for a handbag."

All the manufacturers mentioned use only skins from special farms which conform with strict wildlife protection laws.

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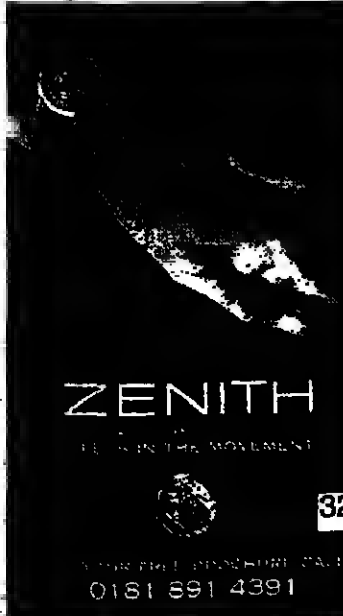
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## TRAVEL

**PLANNING AHEAD:** Where will you be when the millennium dawns? Abercrombie & Kent (0171-730 9800) has published a brochure devoted to holidays on and around Friday December 31 1999. You could be at Victoria Falls (en route to Nairobi), or in Morocco, Bali, Botswana, Jamaica... Meanwhile, 12 Pacific nations, when not debating which will see the January 1 sun first, have formed a Millennium Project backed by Air New Zealand to promote the region and the dawn, they hope, of the new Pacific century. Ideally, they would like you to see in the new year west of the international date line, then hop over east and do it again 24 hours later.

**TREASURE HUNT:** Guests at London's Four Seasons Hotel (0171-499 0888) or its restaurants from March 28 to 31

should keep their eyes open for mini chocolate Easter eggs wrapped in silver foil. One of them will be made of 18 carat gold and turquoise enamel, a pendant worth £375. It has been designed for the St Petersburg Collection in Burlington Arcade by Sarah Fabergé - great-granddaughter of the man who made similar Easter eggs for the Tsars.

**BOOK NOW:** Buy a selected Mandarin or Minerva paperback - from bookshops, supermarkets or even Little Chef restaurants - and you can claim a discount of £100 off a Thomas Cook holiday for two. The books include *Trainspotting*, *Silence of the Lambs* and *Paddy Clarke Ha Ha*

He, and the offer comes strongly recommended by the authors.

**RITES OF SPRING:** Valencia celebrates spring with its Fallas festival this week and next. The fallas, papier-mâché sculptures up to 18 metres high, go on display in town streets and will be ritually burnt on Wednesday - except for one, saved by public vote. Survivors over the years can be seen in the Fallas Museum. The week also offers concerts, parades and fireworks displays, and draws 2m visitors a year.

**SAIL TIME:** The British cruise market rose 22 per cent last year, with 429,000 people taking a holiday at sea -

173,000 in the Mediterranean - according to the Passenger Shipping Association. Hopes are for 500,000 this year, which would be nearly twice the 1994 figure.

**HOLY IN THE WALL:** No need to curse Bulgarian automatic teller machines. Visitors will now be able to withdraw lev (the local currency) from ATMs: the first 60 of a planned network of 150, in airports, resorts and cities, have been opened - and blessed by Archbishop Natanail and His Grace Archimandrite Gavriel Protosangel of the Sofia Archbishopric.

**BIG WHEEL:** Getting around

Iceland in winter can be tricky, with the ground under several feet of snow. Arctic Experience (01757-218801) has responded with a "super jeep", a four-wheel-drive vehicle with special tyres 44 inches high, for getting over those troublesome ice packs, swollen rivers and walrus. Available for tailor-made itineraries, and for a special break next weekend costing £395.

**LIVINGSTONE LUXURY:** The Zanzibar Serena Inn, which opens today, promises to be the first de luxe hotel on the east African island. On the seashore, it has been made from two buildings, one of them the former residence of a Chinese

doctor whose premises were visited by Dr Livingstone. Rates start from £53 single and £81 double. Ring 02255-578175.

**SLUGFEST:** Revived on July 4-7 this year in Eatonville, Washington state, is the annual Slug Festival, devoted to the local banana slug. Take a slime-decorated tram around a wildlife park to learn about slugs; watch slug races, or a movie about a boy and his slug; listen to the All Slime Slug Parade and Kazoo Band. Details on 1-800-433 8735.

**NUPTIALS in Nassau?** The three-day waiting period for a marriage licence in the Bahamas has been reduced to one day.

**THAI AIRWAYS** non-stop flights between London and Bangkok will all be non-smoking from this month.

**QATAR AIRWAYS** (0171-370 6600), newly relaunched, plans in-flight raffles on services from the United Arab Emirates; jewellery prizes promised.

**EUROSTAR** (0890-104105) offers an extra 500 points to frequent traveller programme members who join and make their first journey on a premium or business first class ticket before March 31.

**FREE car hire** is offered by Airways Holidays (0151-236 4333) for short breaks taken on Jersey before April 1.

**KLM** frequent flyers will now be able to earn points on flights with Kenya Airways.

John Westbrooke

## Skiing

## Big risks and rewards

Arnie Wilson on the runs that can only be reached by helicopter

It takes all sorts to fly hell-skiers to their many and varied destinations - which suits Tuan Ho, a former Vietnam war helicopter pilot, downed four times by the Vietcong. Tuan is the lead pilot with TLH Heliskating at the Tyax Lodge in the Chilcotin Mountains in the middle of the Canadian wilderness.

At the top end of the skiing market, hell-skiers spend something like \$750 a day on their passion. He is one of about 35 hell-skier pilots working in British Columbia, the hell-skier capital of the world. Tuan's colleague is Katrina Mae, the only woman hell-skier pilot in Canada.

To reach Tyax from Whistler, you must drive for four hours or so through barely penetrable forests of spruce and pine topped by craggy, snow-capped peaks. The last 50kms or so to Gold Bridge are along a dirt road which runs along the north side of the seemingly endless frozen waters of Carpenter Lake.

The track road is reminiscent of some of the roads in the Andes, arid and remote. One might encounter

another vehicle once every hour or so. Or one might not. By contrast, hell-skier companies offering one-day introductory packages normally operate in less remote areas.

Rod Grange flies for Mountain Heli-sports, which offers both heli-skiing days and weeks just outside Whistler. If you like it, you can sign up for a week straight away. But, whether you are doing a day or a week, safety is the most important aspect of the trip.

Before he whisks us to skier's heaven, Grange gives us a glimpse of skier's hell. He says: "A couple of years ago I had the pleasure of picking up the pieces of a guy who walked into the tail rotor-blade. It kills you absolutely dead. Never go round the back of the helicopter."

This is also Mae's biggest nightmare. She says: "The tail rotor is almost invisible. The main rotor is a more obvious problem."

"Drag your skis in the snow when you're approaching the helicopters," says Grange. "Don't hold them upright..."

Some experienced hell-skiers feel the safety lectures are beneath them because they have heard them so often before. Steve Schreiber, our guide at Tyax, had to be very firm recently with a visiting Swiss skier who had heli-skied everywhere and refused to join in.

It was just as well that Schreiber was not overly aggravated by his attitude: an hour or so later, he found himself helping to save the man's life when his aorta suddenly burst in the middle of nowhere and he had to be evacuated, close to death, in Tuan's helicopter. Fortunately the man survived.

In Canada, remote means remote. If you are heli-skiing near a ski resort, help is obviously closer to hand. Such thoughts preoccupy us as we climb gingerly aboard Mountain Heli-sports' gleaming Aerospaciale five-passenger Astar.

This is the only heli-skiing operation in Canada run by a woman, Penny Maclean. Today John Cerka, her friend, taking advantage of the spare seat, is the

so-called tailgunner. Sitting at the back of our small group, he carries the "guest-pack" which contains a rope (for crevasse rescue) and a radio. At the front is our guide, Jim Haberl.

As we touch down we know immediately that we are in for an exceptional day. The snow is so light that it feels as though a good sneeze could almost send it gusting back into the air. You start to float down the mountain. Down and down you go, in slow motion behind the guide, turn after turn, in a euphoric daze. As they say on days like that: "It doesn't get much better than this." But heli-skiing is inherently dangerous enough for operators to be constantly on the look-out for the slightest extra risk.

Later, as Katrina took us high above the forest, we spotted a bald eagle soaring below. The wind was creeping up and it seemed to be rejoicing in the air-currents. But the change of weather did not please our human pilots. After only three runs, we felt the helicopter lurch. Donovan Wright, the Jamaican pilot took it in his stride, but decided to bolt the landing. The combination of cloud and gusting wind was making landing difficult and possibly dangerous. Both he and Mae thought it best to call it a day rather than take any unnecessary risks. There were no complaints. ■ Arnie Wilson's visit to Canada was organised by Ski Thomson, Greater London House, London NW. Reservations: 0990-329329. He flew to Vancouver with Air Canada and stayed at Canadian Pacific's Whistler Resort.



Heli-skiers can spend \$750 a day on their passion. James Orr/Hell-Ski

## Truck stops in Texas

Thank goodness for US transport catts, says Nicholas Woodsworth

Never scoff, never even snigger softly behind your hand, at the Texan propensity for exaggeration. It comes with the territory. The state of Texas, as anyone who travels the interminable Interstate 10 will assure you, is BIG.

I left the west Texas city of El Paso one warm, sunny morning, thinking that if I stepped along smartly I might breeze right past the Louisiana state line. I was at the point, after days of driving through the empty spaces of the west, of finding state lines exciting.

All went well at first, if sitting motionless for hours behind a steering wheel can be described as going well. So tedious was it that I discovered the trick of steering with my legs. Suddenly, new worlds of activity opened up. I improved my cigarette-rolling technique. I caught up on post-card writing. Personal grooming. I discovered, offered endless possibilities of escape from boredom.

It was mid-afternoon and I was on page 14 of *Caring for your Volkswagen* - "Transmission troubleshooting" - when I found, resentfully, that I was beginning to have to pay some attention to the road. A strong wind had suddenly come up, blowing tumbleweed over the highway. Dust-devils whirled aimlessly about the plain. The sky darkened. The temperature began to drop rapidly.

Modestine, my van, is a poor performer in the wind, and Arctic gusts were blowing her all over the highway. I abandoned all entertainments and, moving at a crawl, spent the rest of the day battling the wind and the road. Some 14 weary hours after I left El Paso I limped into San Antonio in the middle of the night, still more than 300 miles from the Louisiana border.

All I was looking for was a quiet suburban street to park on and sleep after a harrowing day. But San Antonio is not quite the old cowboy town it used to be. Its spaghetti-style freeway system defeated me. One moment I was on the interstate 10 heading downtown; the next, unaccountably, I found myself on a beltway going around in circles.

I was close to desperation when I pulled off the road into a vast parking lot of transport trucks, 300 or so semi-articulated giants idling away loudly in the windy, sub-zero night on the edge of the city.

San Antonio's Petro Stopping Center is just a truck stop. But for me that night it was deliverance. So, too, for tens of thousands of truck drivers every day and night, are the countless stops across the country from New York to Los Angeles. I had never halted at a

truck-stop before, but they are surprising places - nodes of activity in one of America's largest and most vital industries, and small cities in their own right.

Inside the entrance, I made for the Iron Skillet, a large restaurant where at last there was a seat to be found. I plucked myself down at the counter between two beefy men in plaid flannel shirts and baseball caps, and gazed around at my companions of the road.

Everyone, seemed to be built on the general lines as my neighbours. There were idiosyncratic touches about, of course - a beard here, a naked-lady tattoo there - but all were remarkably large and beefy. Ham-hock-like forearms and straining bellies seem to go with the trade. So, too, do baseball caps and flannel shirts.

If you are looking for individualism among a group of truckers, you must seek out instead the names by which they are known on Citizen's Band radios. Where other



Americans introduce themselves as Bill or Bob or Jim, these men were Toot and Slowpoke and Highball.

But for all their rough looks and strange names, they were a friendly and talkative bunch, a group of men doing a hard and tedious job far from home and family. After driving across just half of Texas I could identify with 'truck drivers. Before a minute had gone by I had joined a conversation that ranged from tyre sizes to hazardous chemical loads to deer-hunting expeditions. It was all good, witty, two-fisted stuff.

"Hah, Hun, what kin ah git yew?" My chatting was interrupted by Lynn, one of the Iron Skillet's waitresses, pouring me coffee. Being called "Hun" or "Sweetie" by strange women is one of the principal attractions of an American truck-stop, and I responded vigorously.

But truck stops are more than just eating places. They serve the needs of a busy nation on the go.

Had I been unhurried, I might have stayed up the rest of the night in this busy, unsleeping place. But I was a man with a mission and soon, after 3 am, I was fast asleep in my van. Not far away lay morning, a truck-stop shower, a breakfast "Bye, Hun" and the Louisiana state line.



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## FOOD AND DRINK



## Hot, hot, hot, HOT

David Fishlock turns up the temperature with a saucy story

I set off for my second holiday on the Nile, aboard one of the hundreds of floating hotels, armed with a hot pepper sauce called Dave's Insanity.

On the first trip, three years before, I had found the monuments overwhelming, the food ample and attractively presented - but bland. It was also overcooked. I took to spicing it with a touch of Tabasco, which rekindled some life.

This time I took my own flavour enhancer, a gift from the US, previously untried. At the first lunch with our party of five I dispensed it liberally and spent the next few minutes writhing in agony, stricken in a way no excess of Tabasco could ever achieve. Dave's Insanity needs a health warning. I went back to Tabasco and have never touched a drop of the offending sauce since.

I was reminded of this embarrassment - it caused my companions great mirth - by the arrival from Delaware of a new catalogue of hot pepper sauces. Included was a "product disclaimer". I was invited to sign before they would sell me the latest version of Dave's Insanity, Private Reserve Dave's Gourmet Insanity.

Before buying I was supposed to sign to say that it would be used at my own risk, and that I fully understood "the potential danger if handled improperly". What is more, if I passed it on as a gift I was expected to "make the recipient fully aware of the potential danger if handled improperly, or directly consumed".

The disclaimer warns sternly that these products - there is another called PURE CAP similarly restricted - can cause serious injury if directly consumed, ingested and/or

applied to the skin, eyes, "or any other bodily organs".

I have not ordered either. There are probably international laws that try to prevent the shipping of such foodstuffs. But the Delaware company, Peppers, in Dewey Beach on a stretch of Atlantic coast on which I have enjoyed some glorious vacations with seafood spiced with hot sauces, has a catalogue to satisfy all but a Teflon-coated palate.

Peppers apparently scours America and the Caribbean for fiery condiments. The Hearty family, who own Peppers, say they stock 800 to 1,000 varieties at any time. More than 3,500 bottles - "the world's largest collection" - provide the decor for the Starboard Restaurant adjoining the retail shop. Visitors can sample as many as 100, if they have the stamina.

Some sauce names are redolent of man-made disaster: Nuclear Hell, Meltdown, Sumptuous Blaze Atomic Salsa. Some are unambiguously suggestive of anatomical upheavals: Endorphin Rush, Hienie Hurdin', Screaming Splinter, Tongues of Fire, Ring of Fire - "so hot it'll burn ya" twice.

Some may draw their inspiration from literature or religious experience: The Wrath, Bottled Hell, Dante's Inferno, Capital Punishment, Deathwish. Some hint at the work of a frustrated poet, from Hot Bitch on the Beach to the sweetly suggestive Inner Beauty.

My interest in the world of hot sauces was aroused in the late-1980s when a former FT journalist, relocated in Washington DC, teamed up with a marketing man to launch Spectacular Sauces. The partnership

claimed it had "tasted and approved" every item in its 30-page catalogue.

The back approached his task as if he were tasting wine. Of one sauce he wrote: "Thick and mustardy, Inner Beauty hits the back of the throat, adheres, and gradually burns its way out via the brain and the forehead."

Of another: "It sets the pores streaming, the ears humming, the temples throbbing, and the brain

**Scoville rated chillies in units: chillies from Mombasa are rated at up to 100,000 units**

are reeling. Makes Tabasco taste like apple sauce."

At a bistro in London's Kensington High Street, in the 1970s, the same scribe had decided to test my capacity for chilli pepper by persuading the chef to prostitute his art and pour most of a small bottle of Tabasco on to my steak while grilling it. I ate it, I sweated somewhat, remarked that it was spicy - and earned an instant reputation for relishing hot food. For years after Bruno, the chef, would grin and shake his head whenever we met.

I took my revenge on the scribe in the River Room of the Savoy where, on a slow Sunday evening, we had ordered steak tartare. A beaming chef in full fig wheeled his kitchen

to our table and began his magic. "Needs spicing up," I pronounced of his first sample. Tabasco seemed to be the strongest brew on his trolley.

"You wouldn't have any curry powder, I suppose?" My companion was mortified. He squirmed visibly. He was sure the chef would demand that we be thrown out. "Certainly, sir," the chef responded happily. "I often have clients from India House asking for curry."

Several Tabasco products feature in Peppers catalogue, all spiced-up versions of the supermarket sauce, such as Tabasco Extra Spicy. To get Tabasco into perspective in the premier hot sauces league, we can use the chilli-lovers' equivalent of the Richter scale, Scoville units. Wilber Scoville, an American pharmacist, in 1912 proposed a way of ranking the pungency of peppers. He could find no chemical assay as sensitive to peppers as the human tongue - able to detect less than one millionth of a grain, he said.

He worked out a protocol for using the tongues of tasters. Scoville rated chillies from Japan at 20,000 to 30,000 Scoville units, and chillies from Mombasa at 50,000-100,000.

More recently, a high-technology assay, called high-pressure liquid chromatography, has been used to provide a more precise and faster result. But aficionados, and the companies which supply them, still convert their readings into Scoville units.

Two hot sauces, for which Peppers require you to sign a waiver, are said by the Hearn to rate between 300,000 and 500,000 on the Scoville scale. By comparison, Tabasco rates a mere 30,000-50,000 units - a 10th of their zip.

## Cookery

# Rooting for root vegetables

Philippa Davenport takes a seasonal stand

In some parts of the Mediterranean spring has already sprung. Depending on the southerliness of the location - and on the warmth and duration of the daily dose of sun - globe artichokes and broad beans may already be on the menu, with the pea season soon to follow.

In such places, though, you are unlikely to be offered dishes rich in tomatoes, red peppers, aubergines or courgettes at this time of year. Why? For the very good reason that these last are not spring crops: they are the fruits of high summer. In other words, most of Mediterranean Europe still observes the rhythm of the seasons.

Aubergines, red peppers, courgettes, tomatoes and sweetcorn are omnipresent in British shops even in mid-winter. This is crazy. Vegetables that are jet-lagged from travelling the globe, or caajoled into fruiting unnaturally - as aubergines must be at this time of year - inevitably lack character and good eating quality.

There is low on the priority list - the profit motive is higher. For the sake of good eating and good value, now is the time for vegetable cookery in the UK to major on roots, tubers, brassicas and blanched vegetables.

Unlike summer's sun-worshipping vegetables, roots and tubers willingly tucked up in their earthy beds underground; leeks and celery are protected by the barricades of their trenches; hearted brassicas can safely keep their heads above the parapet, strong enough to withstand the ravages of wind and rain.

Nor should we forget that unless British shoppers buy their own island grown produce, British vegetable growers - still, alas, the Cinderellas of agriculture - are liable to go out of business.

Organically grown vegetables consistently come out with flying colours in comparative and blind tastings against those that are intensively farmed. This may well be a contributing factor to the expanding success of vegetable box schemes which, in turn, is stimulating the big supermarket chains to compete with each other in the range of organic vegetables they offer.

Particularly welcome is Tesco's decision to peg the price tags on organic vegetables to match the prices of intensively farmed produce, thus giving shoppers the opportunity to buy

organic without having to pay premium prices. Let us hope that other supermarkets will follow. And that the next government will do more to encourage farmers to grow more foods organically.

### ROASTED ROOTS WITH OLIVES AND FETA

With good bread and maybe a fizzy endive salad on the side, this makes a main meal for two who eat neither meat nor fish. It can also be served minus the olives and feta as a vegetable side-kick to roast or grilled meat or fish, in which case this quantity should be plenty for four.

1 large parsnip; 1 large carrot; 2 large shallots; 2 large chunks of celeriac weighing about 75g each; 2 or 3 rounds cut 2.5cm thick from a large butternut squash; 4 garlic cloves; 1 fine head of Florentine fennel; 85g-100g feta cheese; about 2 dozen little Nicosie or Taggiasca olives; a large sprig of rosemary; a few

Turn the vegetables, baste them, reduce oven temperature to 190°C (375°F) gas mark 5 and roast for 30-40 minutes more until cooked to your liking and beginning to caramelize a little at the edges. (Turn the vegetables again and turn up the heat for the last 10 minutes if necessary to colour the vegetables.)

Tip the cooked vegetables into a hot serving dish, scattering the crumbled feta and olives between layers, and slip it into the switches off oven for a few minutes to warm and soften the cheese. Serve sprinkled with chopped coriander.

### CORIANDER LEES WITH ANCHOVIES AND OLIVES

This is the sort of warm salad I like to lunch on, but most people will probably prefer to serve it as a first course for dinner for six.

850g trimmed weight young leeks (preferably those with a good ratio of tender greenery to white partly); 100ml extra-virgin olive oil; 50ml lemon juice; a bunch of coriander; half a dozen freshly filleted salt anchovies or 1 x 50g tin of salt anchovy fillets; 2 dozen little black Nicosie or Taggiasca olives.

Cut each leek in half to make two shorter lengths. Warm the oil in a flame-proof casserole or heavy-based stewpan that will just about take the vegetables in a single layer (they will shrink a little as they cook, falling into a neat, jigsaw pattern given a little encouragement, so it does not matter if one or two pieces are proud of the rest to begin with). Add the leeks and turn them over a gentle flame for 2-3 minutes.

Season with a pinch of salt, pour on the lemon juice and 120ml water and bring to the boil. Cover tightly with a heavy, well-fitting lid and cook over a minimal flame until the leeks are done to your liking, turning them once or twice to encourage even cooking.

Transfer the cooked leeks to a dish, arranging them in rows like crayons in a pencil case. Fast-bol the cooking liquor with a tablespoon of chopped coriander for a couple of minutes to reduce the liquid slightly and emulsify it to a scrumptious seasoning with pepper and adding a dash more oil or lemon to taste. Meanwhile, snip the anchovies over the leeks and sprinkle on the olives.

Pour the sauce over the leeks. Serve tepid, garnished with a little more chopped coriander.



spring of thyme (preferably lemon thyme); a small bunch of coriander; 1 teaspoon coriander seeds; ½ teaspoon fennel seeds; 2 or 3 bay leaves; about 4 tablespoons virgin olive oil; 1 tablespoon lemon juice.

Heat the oven to 200°C (400°F) gas mark 6 with a roasting tin in it. Peel and trim all the vegetables except the garlic cloves which should be left in their papery skins. Split the fennel in two from stalk end to root. Cut the parsnip and carrot lengths in half from their broad shoulders to tapering roots. Scratch the surface of the parsnip, carrot, celeriac and squash with the tines of a fork. Put all the vegetables into a bowl, toss with lemon juice and sprinkle with finely crushed fennel and coriander seeds and thyme leaves stripped from the stalks.

Add enough olive oil to the hot roasting tin to coat the base well and return the tin to the oven for a minute. Quickly tip the contents of the bowl into the pan and toss to film the vegetables all over with the sizzling oil. Tuck in the bay leaves and bruised rosemary and roast for 30 minutes.

Breakfast/Jill James

## The Spanish passion for dunking

Contrary to popular myth, most Britons today eat a really substantial breakfast only while on holiday. Old-fashioned bacon and egg fry-ups are generally kept for winter weekends when late risers seek some packing for the serious afternoon business of watching rugby or soccer. The rest of the time they are more parsimonious than fellow Europeans and tea and toast is usually the norm.

On a visit to Spain last

year, I remember asking a friend what a typical Spanish breakfast consisted of. The answer, to my chagrin, was "nothing much".

This is only partly true. Joe Casal-Lopez, who is from La Coruña in Spain's north-west and runs the Lon-

don club Peg's, says it is just that the Spanish do not think breakfast a very remarkable meal because it is so familiar. Basically the same kind of fare is eaten throughout the country - croissants or bread with chocolate or coffee.

Of course, no sooner had he said this than he pointed out the regional variations: on Mallorca, for example, the islanders enjoy *ensemada*, a dry sponge with sugar and cinnamon. As a boy, Casal-Lopez used to enjoy *torrijas* sops, broken bread with milky coffee and, as a special treat, fried bread and honey

- a homely dish that always graces the club's restaurant menu.

We chatted about the Spanish passion for dunking - the special breads or *corbates* that are baked solely for that purpose and the coffee and *paellas*, a sort of demi-baguette, found in most of the country's cafes and bars and, again, the *madrinas* and *churros* found almost everywhere. In Extremadura, they like *chorizo* with bread that is sweet - and a glass of home-made wine.

Casal-Lopez is one of the few people in London who will prepare an authentic

Spanish breakfast. You just have to ask him nicely - and be a member of his club. But in Madrid, there are only two places I would go - and they just happen to be two of the best hotels in town.

If it is early morning buzz and get-up-and-go that you want then book a table at The Palace. It has real *joie de vivre* and you will see serious Castilians doing business. American families touring their Hemingway tours (the hotel's lobby was one of the writer's haunts) and the general bustle of well-off families starting the day properly.

For Pta2,750 (roughly £14), plus Vat, you can have coffee, tea, chocolate, rolls, juices, cereals, cheeses, cold meats, compotes, fruit, fruit salad, yoghurt and scrambled eggs with bacon, braised ham, sausage, in fact, more or less what you want cooked to order in the breakfast room.

A glass of *cava* rounds it off and sets you up for the day. Lunch, after that, would certainly not be for wimps.

If you are looking for a quiet, measured start to the day, *L'Expansion* and the *FT* delivered to your room, computer, phone, fax and inter-

preter at your fingertips, book in at the Hotel Ritz.

Ask for the Duke and Duchess of Windsor's old room or the Rainier's honeymoon suite and prepare to be pampered. Summon breakfast to your sitting room, let the sun stream in and order the standard breakfast of chocolate, *chorros* and toast, honey, wonderful orange juice and a little natural yogurt. A snip at Pta1,900, plus Vat.

For Pta2,900 you can eat the big (too big to describe

here) so-called American buffet in the Goya restaurant or sit out on the terrace and watch the city wake up - a lively affair. Madrid's famously rude aggressive taxi drivers at best watched from a distance.

And remember, breakfast is a really cheap way to enjoy the experience of grand hotel.

■ Peg's Club, Mercer St Seven Dials, Covent Garden. London. Tel: 0171-240 228. Membership by application only.

■ The Palace Hotel, Pta de los Corres, Madrid. Tel: (34-1) 429 75 51, fax 429 22 6.

■ The Ritz Hotel, Plaza de la Lealtad, Madrid. Tel: (34-1) 521 23 57, fax 521 27 7.

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Chateau Cheval-Blanc, a premier grand cru classé estate of St Emilion, recently sent to Sotheby's from its private reserve bottles or magnums of eight different vintages: this at a time when leading growths are fetching exceptionally high prices, particularly among south-east Asian buyers. Some of the vintages are by no means leading ones, and others well over the top, so their prices were relatively high.

They were as follows: six bottles 1989 £1,760; six bottles '86 £1,165; six magnums '71 £902; six magnums '75 £990; 12 bottles '76 £805; 12 bottles '78 £880; 12 bottles '82 £3,960; 1 double magnum '82

£2,860; 12 bottles '85 £1,375. All prices include buyers' premium. It may be noted that Pierre Lurton, the director, prefers the '85 vintage rather than the generally more esteemed '82. Edmund Penning-Roswell

Philip Magor is the last of the nabobs. His family company, Williamson and Magor, is based in Bedfordshire and is the centre of an empire of 32,000 hectares employing 70,000 men and women in India, Kenya and Tanzania. They all pick and make tea. Big black tea in Africa, which is what the modern

### Appetisers

Englishman likes to find in his pot; and maily Assams and floral Darjeelings from India, now, sadly rather more appreciated in Germany, Japan or France than they are in the UK. Williamson and Magor own some prestigious gardens including Lingia and Soom in Darjeeling and Bukhail in Assam. Most of its business is supplying the trade with the tea it needs for blending, but recently it has started a mail order company for tea and artefacts.

There are some pretty good things in their 125gm caddles: 2nd flush Lingia at £12.75; or Bukhail at £5.40,

for example. The Soom Darjeeling is a grassier 1st flush (£5.60) and there is a delicious Borengajuli Assam at £3.90. For a catalogue ring 01582-664440. Giles MacDonagh

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## PROPERTY



A view of Walest Ayesha Castle, an early Victorian castle-house



Windows on the world: New Forest is at the centre of 460 acres

# Comfort buying in Ireland

A strong Irish economy is encouraging a lively market in country houses, writes Gerald Cadogan

Owners of Irish property should raise a glass to St Patrick on Monday, his feast day. The market for country houses and estates, which started to roll in spring 1995 after a grim recession, is still on the rise. While many of the new owners are Irish, UK buyers have also been to the fore.

The British accounted for 60 per cent of the purchases at more than £1m last year, Knight Frank estimates, which displaces the Germans who led through 1991-95, with 60 per cent of purchases over £700,000.

Good Georgian houses are still coming to market but many need a lot of work. Finding the right price in Ireland needs luck, skill and sensitivity to the other players, whether they are vendors or competing buyers. That is why the Irish love buying at auction where, by definition, the hammer price is the right one. Buyers take a risk and may be lucky. The result is clean, quick, and the vendor can go to law to recover the whole price if the buyer fails to complete.

"For an Irishman that is a great comfort," says Callum Bain of agent Ganly Walters. If going to auction, which accounts for about half of all sales, with a further 40 to 45 per cent agreed in the aftermath (when it is clear who is really interested), buyers are advised to arrange a survey and mortgage before the bidding. The auctioneer's guide price is usually around 10 to 15 per cent below the reserve price (the minimum selling price agreed by vendor and auctioneer).

In a private treaty sale, the guide price works the other way, as the sellers will probably accept offers pitched a similar amount – or more – below the public figure. But if that is set too high at the start, houses don't move. To find out when it is too much, non-Irish buyers would do well to have an Irish friend working with them, or retain an Irish agent. House buying in Ireland is very much "open to offers".

A strong economy and feelgood factor, boosted by EU structural grants, have spurred the Irish buyers in the current market. Prices rose generally by 12 to 15 per cent in 1996, says Bain, while Michael Daniels estimates a 20 to 30 per cent rise for country houses.

The new Irish owners are reclaiming the country's heritage as they buy up the houses that once belonged to the English overlords. They were such potent symbols that many were burnt down during the Troubles.

The increase in UK buyers can be attributed to spillover from the home market, and despair of finding the house they want in Britain. Old ties with Ireland also count, as does the desire for an easy way of life. Some are writers and artists taking advantage of the Irish tax regime.

Stamp duty on properties over £210,000 rises on April 6 from 6 to 9 per cent, but at the same time the Residential Property Tax on imputed use-value of a dwelling (like the old Schedule A income tax in the UK) ceases. Legislation also allows owners of heritage properties recognised by the Office of Public Works to set repair and maintenance costs against their income tax (if they have income taxable in Ireland, which for non-Irish could include income remitted from abroad). In return, the public can view the place for a set number of days a year.

The most unusual house on the market is Ayesha Castle at Killiney, just south of Dublin. It is an early Victorian castle-house, built of granite, with a round tower, turrets, panelling, warm and light rooms, plenty of sculleries and larders and, on a good day, a view of Wales.

Buying Ayesha demands imagination, even bravado. It is not a safe Georgian box. It might suit an Irish captain of industry or advertising, or an entertainer. The guide price from Ganly Walters or Strutt & Parker for a sale by auction in mid-May is £2m.

Swathes of central Ireland have been opened up to Dubliners and others looking for a country seat thanks to EU money, much of which has gone into roads. Near the village of Tyrrellspass in Co Westmeath (where the hunting is excellent), the same agents offer two good Georgian houses, both rendered with pebble dash. Deep in the country, they are just an hour's drive from Dublin airport.

New Forest (guide price £1.2m), on a bluff at the centre of 460 acres of parkland and woods, has masses of windows to make best use of facing south, and the owners



Warm panelling: the stairwell of Ayesha Castle

recently renewed the roof. With a stableyard and farmyard, it would make an excellent sporting estate. Cornaher House (£2450,000) is a double how-frosted house at the end of a long drive through a park with ancient trees. A tulip tree in front of the house was probably planted when Cornaher was built around 1800.

Houses on offer from other agents include the 13th century Ballea Castle in Co Cork with 50 acres (Dominic J Daly and KF, £1m), the Georgian Clifton Lodge in Co Meath (which Jackson-Stops McCabe brings to auction in June, with minimum guide prices of £500,000 with 80 acres, or £250,000 with 25 acres) and the Victorian Mount Cashel in Co Clare with 23 or 84 acres (Hamilton Osborne King, £250,000).

■ In Ireland (code 00353): Dominic J Daly, Cork (21-377299); Michael H Daniels, Malton (25-39145); Ganly Walters, Dublin (1-863 3255); Hamilton Osborne King, Dublin (1-876 0251); Jackson-Stops McCabe, Dublin (1-677 1177). In the UK: Knight Frank, London (0171-629 8171); Strutt & Parker, Edinburgh (0131-226 2500).

There will be an interesting auction on Thursday in Bath, at Woods restaurant in Alfred Street. Through Cluttons (01225-469511), the Edward James Foundation is selling the last two remaining unmodernised flats in the Royal Crescent, the greatest of Bath's

architectural glories. The late Edward James, a patron of surrealist art, bought the flats soon after the second world war and gave them to the foundation in 1964. They occupy the second and third floors of No.30, which is an end house, and offer a huge space of 3,127 sq ft, which would make a superb mansion. Cluttons suggests a guide price of £340,000 to £250,000 for a 987-year lease (ground rent £50 a year), and £15,000 for the freehold lock-up garage.

When it came to market in late 1995 the asking price was FF17m, or around £2.27m (at £1 = FF7.49). The price is now down to FF15m, which at the present rate (£1 = FF9.29) converts to around £1.615m. That is a £655,000 reduction on the asking price of 18 months ago – and the pound in your pocket will stretch further at St-Paul's restaurants. The agents are Agence Burns in St-Paul (0033-4-9332-0577) and Hamptons (0171-824 8822).

Westerham in Kent is known as the home town of General Wolfe, who took Quebec from the French in the Seven Years war. It is close to the M25, ideally placed for the Channel tunnel, and has several good houses. One now for sale is Hoxey Croft, a large property built in 1916 for the prosperous bourgeoisie.

James Millard (01959-565800) asks £250,000.

A rare white-painted modernist box-house, of Georgian proportions but with metal windows, is for sale in Rye, East Sussex. Architect Frank Scarlett designed Starlock in 1930, making it one of the first white and cubic buildings in England, according to Naim and Pevsner.

The asking price is £199,950 from Phillips and Stubbs (01797-227338).

Property auctions in the UK are not as common as they are in Ireland, but they can still be the best way to sell. Derelict properties, for instance, are hard for an agent to assess as their value depends wholly on what buyers are prepared to offer for the opportunity to rebuild. And if the vendors are the trustees of a charity, they have a duty to obtain the proper market price.

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## At Home

# A perfect case of neglect

Kieran Cooke on why a film crew knocked on his front door

Lucan was doing his shoes on the steps outside the house the other day. The sight was a shock to the system: the high-rolling aristocrat disappeared without trace in 1974, leaving a trail of blood and gambling debts behind him.

Then the film crew came into view: his lordship's exploits are being recreated on celluloid.

"It's just great round here for capturing that air of decline and decay," said the locations manager. "We're after something neglected, something that looks as if it might crumble away at any moment. Your place is perfect."

These are not the sort of words the owner of a recently acquired home in Dublin wishes to hear. A faint nasal twang suggested the locations man came from Birmingham. But his vocabulary and swagger were pure Hollywood.

"We guarantee to refurbish when we finish up," he said from beneath his baseball hat. "Any blood on the walls and we just wash it down and paint it over. If we really go to town on the violence, you could have your whole place completely redone."

The offer was tempting. From the outside, the house looks decent enough – although the windows are on a tilt, making the place appear as if it has a nasty hangover.

Inside, the rooms have the look of having played host recently to a point sprayers' convention. Someone seems to have danced across the ceilings in a pair of farmyard wellingtons. The walls have more holes than a piece of Swiss cheese.

The state of the floorboards was the decisive factor. We have run out of pieces of carpet to hide the gaps. Such is the spring underfoot. I don't simply walk from kitchen to dining room; I yomp like a paratrooper over heather, like Nell Armstrong prancing about on the moon.

A skater would pout. Someone would shout "Lights, action!" and the whole caboodle would go



crashing into the basement. I shot the door firmly on the film man.

It is all very strange. One minute you have a few bob in the bank and no worries about bricks and mortar. The next moment, life is dominated by leaks, dry rot and frozen pipes.

The bathroom is the most intriguing part of the house. A contraption on stilts

ment and one could make an undignified exit into the garden below. "Naked journalist with rubber duck found in Dublin garden," the headlines would say.

I bought the property at an auction. During the bidding I stayed stock still, afraid that a scratch of the nose or casual examination of the nails might advance the cost by another ten thousand. A solicitor did the dirty work for me.

"What happened?" I asked as the hammer fell with a dull thud.

"You're the highest bidder," she said.

"That means I have the house?"

"Not at all. Now we have to go upstairs and do the real bargaining."

We sat in one room, the sellers in the other, the auctioneer running between the two. Jugs of water were brought in. Figures were bandied about. There was much shaking of heads and staring at the ceiling. We might as well have been down at the souk buying a camel.

Eventually, after more than an hour, a deal was

done. Cheque books were produced and hands were shaken. Now, here we are.

"Don't forget about the river," said the neighbour on our first day in residence.

An outbreak of sweat from every pore. "Sorry, I don't think I heard you correctly!"

"Well, when they built these houses, they had to be careful about the water courses in the area. The river flows somewhere underneath us. It's remarkable that all the houses are still standing. Being a terrace, I suppose we support each other."

I felt a severe case of subsidence coming on. My eaves were dropping.

"Surely the water has gone away by now!" I asked, hopefully.

"Oh no," said the neighbour. "It's why the garden plants grow so well."

There was a small note in the newspaper when the house was sold. It said that the property had been used at one stage as the location for a television film.

The film was called *Fools of Fortune*.

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# Weekend Investor

Wall Street

## Old heads roll in ruthless Dow purge

John Authers on the long-term significance of convulsive changes to the index

It was a week of convulsive change for the Dow Jones Industrial Average – and not just in the sense that has become customary. True, the US stock market index moved around with great volatility, hitting a new high before falling back sharply. Its 160 point fall on Wednesday was the fifth-biggest one-day decline ever, at least judged in points terms – though at 2.3 per cent, the loss of value hardly ranked among Wall Street's blackest days.

Of longer term significance, perhaps, was the decision of the guardians of the index at Dow Jones to make the first revision in almost six years to its list of 30 companies. In the most ruthless purge since 1959, four new companies will be introduced as of Monday. Hardly coincidentally, the newcomers have performed far better than the four they replace since the Dow's constituents were last shuffled in 1991.

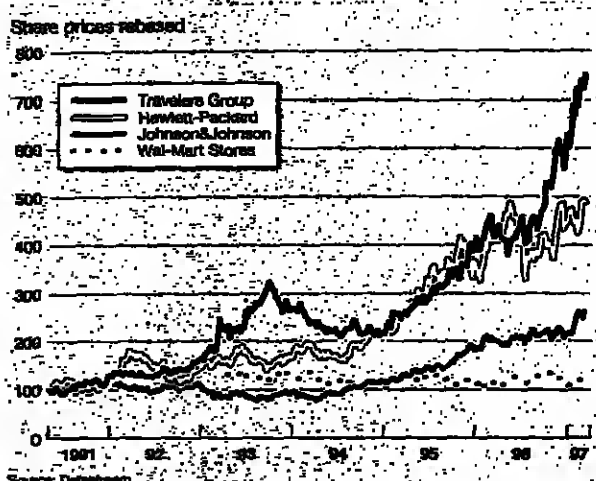
The changes reflect the forces that have shaped the US economy – and the stock market – during the 1990s. They also serve as a useful guide to the trends that currently preoccupy Wall Street.

Overall, the Dow will lose companies from the oil (Texaco), steel (Bethlehem Steel) and broadcasting (Westinghouse Electric) sectors. They are replaced by financial services (Travelers Group), pharmaceuticals and consumer products (Johnson & Johnson) and computing (Hewlett-Packard). Woolworth, a troubled company which is unrelated to the UK chain, will be replaced by Wal-Mart, the US's biggest retailer.

The three new sectors number among the main motors of the US economy. These are industries where US companies have achieved a leading position around the world; high-tech and financial services. In particular, have far outperformed the stock market as a whole over the past five years.

Since the Dow was last changed in May 1991, Travelers, whose units include Smith Barney, one of the country's largest stockbrokers, and Travelers Insurance, rose in value more than sixfold, outperforming the index by more than 200

### Picking winners after the event



per cent. Its admission to the exclusive club of the Dow is a sweet victory for the redoubtable Sandy Weill, who has built his financial services company out of the remains of American Can – a metal-bashing company that was in the index for much of the century, only to be removed five years ago.

Hewlett-Packard, a leader in the personal computer revolution, gained 370 per cent over the same period, while Johnson & Johnson also outperformed.

The companies leaving the Dow have held back its progress. Bethlehem Steel has lost 39 per cent of its value in that time. Woolworth dropped 26 per cent and Westinghouse fell 32 per cent. Texaco, which was removed to cut down on the Dow's emphasis on oil stocks, fared better, gaining 54 per cent – although this is still much slower than the index overall.

Do the changes mean that the Dow will reach its next landmark of 8,000 sooner than it would have done? Most in the market would agree that the new constituents are a better bet for capital appreciation than the companies they replace. Removing some of the Dow's weakest performers will also improve sentiment by raising confidence that the index really does represent the US's biggest and most successful companies.

The move is also likely to decrease volatility, albeit only slightly. With its old constituents, a \$1 move in the share price of any one of the Dow stocks would shift

the index by 3.08 points. With the new companies, this reduces to 3.02 points.

But this effect will be countered by decisions by several Dow constituents to split their stock by issuing more shares to existing holders to cut the price at which they trade. According to Birinyi Associates, an influential technical analyst, this will increase the index's volatility, because the Dow is weighted according to share price, rather than to the overall market value of each company.

Meanwhile, this week's events continued to demonstrate that economic news slightly different from expectation has far greater capacity to move the index in the short term.

The Dow touched a new high of 7,985.16 on Tuesday, thanks to gains in consumer products and technology stocks.

However, retail figures suggesting that the economy was stronger than previously thought, and hence that the chances of a monetary tightening from the Federal Reserve were greater, stimulated Thursday's eye-catching fall.

Yesterday's inflation news, that wholesale prices fell in February, restored a sense of equanimity, and the Dow was up more than 50 points in morning trading.

**Dow Jones Ind Average**

Monday 7,985.16 + 78.30

Tuesday 7,985.16 + 5.77

Wednesday 7,985.16 - 45.78

Thursday 7,985.16 - 100.48

Friday

London

## It's time to 'go figure'

Philip Coggan tells why Footie took a breather

Even the best athletes run out of breath. Having sprinted out of the starting blocks in 1997, the UK equity market looked as if it was pulling up lame this week.

Early on, the FTSE 100 index was still managing to notch up all-time highs. Analysts' end-year forecasts for Footsie were beginning to look a trifle conservative. But yesterday, after two down days, the market dropped a further 46 points at the open, before rallying in the afternoon.

Liquidity tends to be a strong driving force at this time of the year, as private investors race to beat the April 5 deadline for personal equity plan contributions. Institutions are also flush with cash. They put £20bn into liquid assets in 1996, according to NatWest Securities.

NatWest was one of the more optimistic brokers at the start of the year, with a

Footsie forecast of 4,800. But UK strategist David McBain says: "The market has perhaps got a little ahead of itself." In the next few months he cites politics, the possibility of interest rate rises in the US and the UK and the chance that sterling strength will feed through into further earnings downgrades, as factors which might upset the market.

Nevertheless, he says that any stock market weakness will be a buying opportunity and suggests that "5,000 on Footsie is not unthinkable over the next 12 months".

Richard Jeffrey, Charterhouse group economist, takes a more gloomy view. "Based on the relationship between the earnings yield on the FTSE Non-Financials index and long gilt yields, the equity market is now in beware territory," he warns.

The ratio has just moved over 1.4 but is still some way short of what Jeffrey sees as "danger" levels of 1.5 and

above. Just before the 1987 crash, the ratio was as high as 1.95. "While the market looks to be in much more comfortable territory when judged on its dividend yield, the relationship between gilt yields and the dividend yield has been distorted by the lower levels of dividend cover that have persisted since the early 1990s," he adds.

"Once again, therefore, the outlook for gilts has become crucial to the equity market. So long as gilt yields remain where they are, the equity market may continue to make headway as earnings rise. However, if gilt yields start to rise, the equity market will begin to look more fragile," Jeffrey concludes.

The main short-term danger for the UK market would still seem to come from Wall Street, where the Dow Jones Industrial Average had one of its occasional wobbles this week, falling 160 points on Thursday. Over the past six



The UK equity market looked a little lame this week.

years, when the Dow has dropped sharply, US investors have tended to "buy on the dips" but there may come a point when that fails to happen.

Wall Street's recent volatility has centred on the Federal Reserve's open market committee meeting, scheduled on March 25, which might decide to increase interest rates. Remarks by Alan Greenspan, the Fed chairman, first raised, then quashed, expectations of an increase; strong US retail sales numbers this week put the issue back on the market's agenda.

Back in the UK, the results season has been in full swing. There have been some mildly disappointing numbers – from Reed International and Schroders, for example – but nothing to cause investors fundamentally to reassess the prospects for the UK corporate sector.

The four week average of the dividend index, this column's indicator of corporate sentiment, stands at 64.3 per cent, close to the top of its range. If roughly two out of three boards are feeling confident enough to increase payouts, there cannot be too much wrong with the health of British business.

Corey Miller, UK strategist at Credit Lyonnais Laing, says that "the corporate sector is capable of making substantial cash distributions to shareholders. Dividends paid are expected to rise on average by 10.5 per cent per

annum over 1996 and 1997. Surplus cash may also be repatriated to shareholders through share repurchase schemes."

There were some share price casualties this week. Rentokil Initial was perhaps the biggest, with shares falling 9 per cent on the day of its results. The suspect was that the company's phenomenal long-term growth record was faltering and that only the acquisition of RE bad kept its momentum going. Underlying profit growth at the original Rentokil business slowed to just 6.25 per cent.

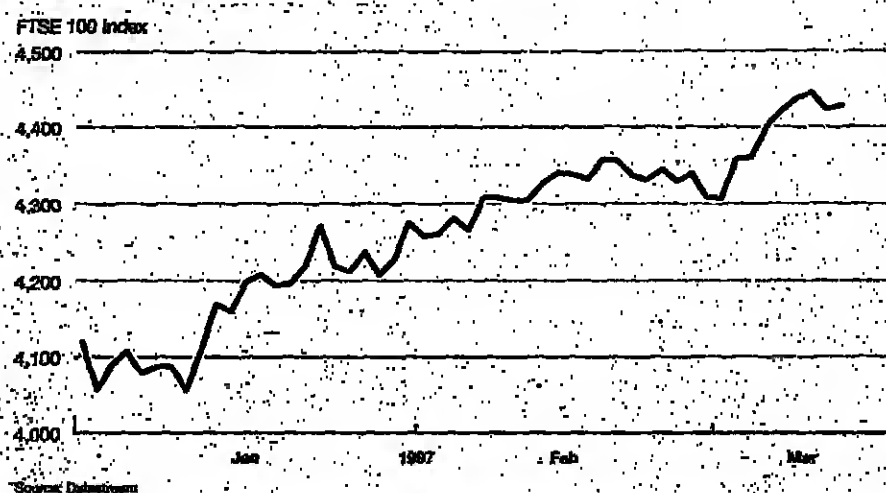
When growth falters at a company with a premium rating, the shares take a double hit, as the market reduces both its earnings estimates and the rating it is willing to apply to the earnings.

Argos also took a hit, as was announced that it would drop out of the FTSE 100 index and be replaced by British Land. The effect Footsie promotions and re-ratings may be more psychological than real: index tracking funds, which a blithely assumed to be buying the winners and driving the losers, tend to follow the All-Share rather than the leading index.

Indeed, a study by quantitative research firm at NatWest last year found that new entrants tend to outperform the market or up to the point of joining the index; once in, they tend to underperform.

As they say in the US: "figure".

### Footsie briefly falters



### Highlights of the week

	Price y/day	Change on week	52-week High	52-week Low
FTSE 100 Index	4424.3	+4.0	4444.3	3612.5
US interest rate uncertainty				
Falls out of FTSE 100				
Takeover rumours				
Rights issue if buys Freeman				
Broker tips after figures				
Negative sentiment				
Broker re-ratings				
Profits warning				
Strong buying				
Ex-growth concerns				
Drug approval problems				
Very good figures				
Continuing positive sentiment				
Granada takeover hope fades				

† Price at suspension.

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## Brains before dividends

It's good for those at the top, less so for investors



Exhibit A: Pace Micro Technology. Last month, the co-founder of this UK high-tech company resigned abruptly. The shares slumped to half the price of the company's flotation last June, at which time he sold \$2.5m worth. He is now negotiating his compensation for leaving.

Exhibit B: NatWest Securities. This week, NatWest revised up – to £90m – the losses caused by a junior options trader. Not long before, the Bank of England had commented that high bonuses were a one-way bet for traders, prompting them to bigger gambles in the markets.

Exhibit C: WPP. Assuming the shares of this advertising group close above 230p on Monday, the chairman collects free shares worth some £3m. At that price, investors who bought at the peak 10 years ago will have lost three-quarters of their money.

There are several common elements here, not all of them flattering to human nature. But there is also a more abstract theme: what my friend Bill Smith, of Barclays Asset Management, calls asymmetric risk.

In principle, the knowledge-based economy is a wonderful thing. For investors, there is a snag. They form partnerships with knowledge workers, in a marriage of financial and intellectual capital. If the deal goes wrong, the knowledge workers walk off with their capital intact. Not so the shareholders.

It was not always thus. On the

old Taylorian model, a company such as General Motors would invest its shareholders' capital in factories and equipment. The workers were a necessary evil, employed to do the fiddly bits which the machines could not handle. They were expected, as the phrase had it, to check in their brains at the door.

While those running GM made a handsome enough living, it was understood that their job

was to manage the assets owned by the shareholders. In today's knowledge-based corporations, though, the people at the top are the assets. And, since they own their brains, they expect to be paid accordingly.

This presents the investment community with a dilemma. The knowledge-based parts of the economy are typically growing much faster than the rest, and should thus be a magnet for capital. All too often, however, they provide lousy financial returns.

There are exceptions. Microsoft is on a rating twice that of the US market. But Microsoft is unusual in two respects. First, Bill Gates has his wealth tied up in the company. This is not because he has awarded himself options and free stock at shareholders' expense, but because he left his money there in the first place. Second, Microsoft's

intellectual capital has been converted into products. Windows and MS-DOS are separable assets, assigned by their creators to the corporation and thus controlled by the shareholders.

At the other extreme, take that epitome of asymmetric risk, Salomon Bros. Three years ago, Warren Buffett, one of Salomon's biggest stockholders, wondered aloud why its top

investment bankers were paid astronomical sums regardless of whether its shareholders were making any money. The question remains unresolved and Salomon's shares languish on a multiple of 7.

It might be objected that Salomon is a high-risk trading house, and that its rating reflects the poor quality of its earnings. So, let us take Merrill Lynch, a business founded on providing investment advice to the archetypal Milwaukee dentist.

Over the past decade, Merrill Lynch has also established itself as a global investment bank. It therefore employs armies of immensely talented knowledge workers, who are paid accordingly. Merrill's stock is on a multiple of around 12: half that of the US market. It has been a similar discount, with brief exceptions, for the past 10 years. The same is true of Morgan.

Stanley, where the chairman and chief executive hold options and stock worth \$400m between them. But the phenomenon is by no means confined to investment banking.

Disney, a knowledge-based company if ever there was one, had a noisy annual meeting last month. The grievance was not much the \$200m in options just granted to its chairman, as the \$100m paid to a chunk of his for falling as the company's president after 18 months in office. Disney's stock is on an above-average multiple. But the is because it, too, has separable assets, in the form of films, copyrights and so forth, which more than offset the asymmetrically risky antics of its bosses.

Back in the world of investment banking, the sad fact remains that the knowledge workers still need financial capital to play with. Hence the takeover of Barings and Warburg by institutions which made their money in the less glamorous and more shareholder-friendly worlds of retail finance.

According to one particularly mischievous rumour going round London's dealing rooms, HSBC – the old Hong Kong and Shanghai Bank – is considering taking over Merrill Lynch. As a marriage of financial and intellectual capital, it would be hard to beat. It would also be a dumb idea for HSBC's shareholders. The story is doubtless nonsense. It would be nice to think it was implausible as well.



## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## AMSTERDAM

**CONCERT**  
Concertgebouw Tel: 31-20-6719345  
● Radu Lupu: the pianist performs works by Bartók, Schumann and Schubert; Mar 16

**OPERA**  
Het Muziektheater Tel: 31-20-5518117  
● Luisa Miller: by Verdi. Conducted by Graeme Jenkins and performed by the Nederlandse Opera and the Nederlands Philharmonisch Orkest. Soloists include Nelly Mincioiu, Fiorella Burato and Vladimir Galuzin; Mar 18, 21

## ATHENS

**CONCERT**  
Athens Concert Hall Tel: 30-1-7222333  
● Ivor Pogorelich: the pianist performs works by Bach, Granados, Scriabin and Rachmaninov; Mar 19, 20

## BARCELONA

**EXHIBITION**  
Fundació la Caixa Tel: 34-3-4588907  
● Oskar Schlemmer: this exhibition, the first Oskar Schlemmer retrospective in Spain, brings together a representative selection of works from all stages of his artistic career. Included are film reconstructions of the Ballet Triptico and the Bauhaus ballets; to Apr 27

## BASEL

**EXHIBITION**  
Antikamuseum Basel und Sammlung Ludwig Tel: 41-61-2712202  
● Moments of Eternity - Egyptian Art in Swiss Private Collections: selection of Egyptian art from private Swiss collections. On display are a number of pieces, including gold-plated statuettes and mummy's masks, dating from 400BC; from Mar 18 to Jul 13

## BERLIN

**CONCERT**  
Konzerthaus Berlin Tel: 49-30-203090  
● Berliner Sinfonie-Orchester: with conductor Michael Gielen and violinist Viktoria Mullova perform works by Adorno, Berg and Schubert; Mar 22, 23, 24  
● Philharmonie Berlin - Grosser Saal & Kammermusiksaal Tel: 49-30-2614333  
● Matthäus-Passion: by Bach. Conducted by Gert Sell and performed by the Berliner Oratorien-Chor and the Berliner Mozart-Orchester. Soloists include Daniela Gercke, Mariame Doren-Godhart, Thomas Scheler, Sebastian Noack and Wolf-Eckhart Wenzke; Mar 17

## BIRMINGHAM

**CONCERT**  
Symphony Hall Tel: 44-121-2002000  
● The English Sinfonia: with conductor Philip Ellis and percussionist Evelyn Glennie perform works by Mozart, Bedford, Vivaldi, Panufnik and Haydn; Mar 19

## BONN

**EXHIBITION**  
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200  
● Die Grossen Sammlungen VI: Zwei Gesichter der Erntezeit: exhibition featuring a selection of works from the collection of the Hermitage Museum in St. Petersburg. Included in the exhibition are 150 gold objects from the Scythians (7th to 3rd century BC) as well as works by late 18th century and 17th century Italian, Spanish and French artists. Featured artists include Caravaggio, Carracci, Reni, Velázquez, Murillo, de Ribera, Poussin, and Lorrain; to May 19

## BRISBANE

**EXHIBITION**  
Queensland Art Gallery Tel: 61-7-3940-7333  
● Paris in the Late 19th Century: major travelling exhibition which reflects the excitement, innovation and dynamism of Parisian cultural, social and political life in the 1890s. The exhibition features 250 paintings, sculptures, prints, posters, photographs, decorative arts and jewellery by some of the greatest names in art during that tumultuous decade, such as Monet, Renoir, Gauguin, Cézanne, Toulouse-Lautrec and Pissarro; from Mar 15 to May 18

## CAPE TOWN

**CONCERT**  
Opera House Tel: 27-21-215470  
● Warsaw Symphony Orchestra: with conductor Yehudi Menuhin and the Cape Philharmonic Orchestra perform works by Mozart and Vivaldi; Mar 18, 19

## COLOGNE

**CONCERT**  
Kölner Philharmonie Tel: 49-221-2040820  
● Olaf Bar and Helmut Deutsch: the baritone and pianist perform



In rehearsal: Ian Holm (left) and director Richard Eyre (right) with members of the company in London

works by Schubert; Mar 21

## COPENHAGEN

**EXHIBITION**  
Nationalmuseet - The National Museum Tel: 45-33 13 44 11  
● Margrete I - Regent of the North: major exhibition celebrating the fact that it was 600 years ago that the three Nordic kingdoms of Denmark, Norway (including Iceland and Greenland) and Sweden (including Finland) were united in a political union under Queen Margrete I. The works on display range from crucifixes, manuscripts, tools, textiles and everyday goods to gold ornaments, church silver and reliquaries; to Apr 1

## DUBLIN

**EXHIBITION**  
Irish Museum of Modern Art Tel: 353-1-6718666  
● Scream and Scream Again: group exhibition exploring the role of film in contemporary art. Featured artists include Sadie Benning, Douglas Gordon, Isaac Julien, Tony Oursler, Lisa Roberts and Marijke van Warmerdam; to Apr 16

## EDINBURGH

**EXHIBITION**  
Scottish National Gallery of Modern Art Tel: 44-131-5568921  
● Lucian Freud: Early Works: exhibition of 25 paintings and drawings made by Freud before and during the second world war. The works on display include the artist's first oil painting and his only sculpture, a sandstone horse carved in 1937; to Apr 30

## HONG KONG

**CONCERT**  
Concert Hall City Hall Tel: 852-229212888  
● Hong Kong Philharmonic Orchestra: with conductor David Atherton and violinist Martin Chalifour perform works by Lyadov, Tchaikovsky and Mussorgsky; Mar 21

## JERUSALEM

**EXHIBITION**  
Israel Museum Tel: 972-2-6708811  
● Empire of the Sultans: Ottoman Art from the Collection of Nasser D. Khalili: this exhibition of Ottoman art from the collection of scholar, collector and benefactor Dr Nasser D. Khalili aims to reveal the rich artistic heritage of a dynasty which spanned more than six centuries; to Jun 1

## LISBON

**CONCERT**  
Grande Auditório da Fundação Gulbenkian Tel: 351-1-7935131  
● Kyung-Wha Chung and Peter Frankl: the violinist and pianist perform works by Brahms, Beethoven and Schoenberg; Mar 17

## LIVERPOOL

**EXHIBITION**  
Walker Art Gallery Tel: 44-151-2070001  
● Sir Lawrence Alma-Tadema: retrospective exhibition of the work of the painter Lawrence Alma-Tadema, who was born in the Netherlands, but settled in London in 1870, where he became very popular for his idealised, but accurately detailed and colourful scenes of Greek and Roman life. The exhibition features some 70 paintings and a selection of watercolours from international collections. Also on display are photographs from the artist's own collection showing the influence of photography on his work; from Mar 21 to Jun 8

## LONDON

**CONCERT**  
Queen Elizabeth Hall Tel: 44-171-9210800  
● Orisio de Eudice: by Haydn. Semi-staged performance conducted by Jos van Immerseel and performed by the London Philharmonic Orchestra and the London Voices. Soloists include Christiane Oelze and Kurt Streit; Mar 20  
Royal Festival Hall Tel:

## COPENHAGEN

44-171-9604242  
● Alfred Brendel: the pianist performs works by Busoni, Haydn, Liszt and Schumann; Mar 20  
**EXHIBITION**  
Royal Academy of Arts Tel: 44-171-4397438  
● The Berlin of George Grosz: this is the first exhibition in Britain to feature the graphic work of Grosz since 1956. His work describes life in Germany from the end of the first world war through economic and political crisis to the rise of fascism. Although a member of the artistic avant-garde and a key personality in the Dada movement, Grosz's political cartoons also appealed to a mass audience; from Mar 20 to Jun 8  
Tate Gallery Tel: 44-171-8678000  
● Hogarth The Painter: exhibition marking the 300th anniversary of the birth of the British painter. The Tate's collection of Hogarth's paintings is displayed in its entirety together with more than a dozen loans; to Jun 8

## JAZZ &amp; BLUES

Barbican Hall Tel: 44-171-6384141  
● Blood On The Fields: by Wynton Marsalis. Performed by the Lincoln Center Jazz Orchestra. Featuring Wynton Marsalis and vocalists Cassandra Wilson and Jon Hendricks; Mar 18

## THEATRE

Cottesloe Theatre Tel: 44-171-9282252  
● King Lear: by Shakespeare. Richard Eyre directs Ian Holm in the title role of this new Royal National Theatre production. Previews Mar 21 to Mar 26. Opening night Mar 27.

## LOS ANGELES

**EXHIBITION**  
Los Angeles County Museum of Art Tel: 1-213-857-6000  
● China in Mexico Cultural Heritage: Chinese Ceramics in Mexico: this exhibition focuses on Chinese works imported in the late 16th to the beginning of the 18th century. It comprises over 30 ceramic works from museum collections in Mexico, excavated works from shipwrecked Spanish galleons and archaeological finds from Mexico City's Zocalo area; from Mar 20 to Jun 15

## MADRID

**CONCERT**  
Auditorio Nacional de Música Tel: 34-1-3370100  
● Johannes-Passion: by Bach. Conducted by Georg Christoph Biller and performed by the Orquesta y Coro Nacionales de España. Soloists include Adelheid Vogel, Jochen Kowalski, Martin Petzold, Sigfried Lorenz and John Mark Ainsley; Mar 21, 22, 23

## MELBOURNE

**CONCERT**  
Concert Hall Melbourne Tel: 61-3-6848484  
● Melbourne Symphony: with conductor Yan Pascal Tortelier and pianist Stephen Kovacevich perform works by Massenet, Beethoven and Ravel; Mar 22

## MILAN

**OPERA**  
Teatro alla Scala di Milano Tel: 39-2-88791  
● Il Turco in Italia: by Rossini. Conducted by Riccardo Chailly, performed by the Orchestra e Coro del Teatro alla Scala. Soloists include Gloria Banditelli, Antonia Brown, Mariella Devia and Laura Polverelli; Mar 20, 21

## MUNICH

**OPERA**  
Cuvillés-Theater - Altes Residenztheater Tel: 49-89-296836  
● Salome: by R. Strauss. Conducted by Zubin Mehta and performed by the Bayerische Staatsoper. Soloists include Marita Knobel, Eliane Coelho and Anne Peltokorke; Mar 22

## NEW YORK

**ART & ANTIQUE FAIR**  
7th Regiment Armory Tel: 1-212-4720590  
● International Asian Art Fair: organized by Brian and Anna Houghton, this international fair

presents art from Central Asia and the Far East; from Mar 22 to Mar 28

**CONCERT**  
Alice Tully Hall Tel: 1-212-875-5050  
● Cecilia Bartoli and James Levine: the mezzo-soprano and pianist perform works by Bellini, Delibes, Ravel, Bizet and Rossini; Mar 20  
Carnegie Hall Tel: 1-212-247-7800  
● Joshua Bell and Jean-Yves Thibaudet: the violinist and pianist perform works by Schubert, Beethoven and others; Mar 18

**EXHIBITION**  
Cooper-Hewitt National Design Museum Tel: 1-212-860-6888  
● Henry Dreyfuss: directing design. Exhibition featuring sketches, working drawings, scale models, prototypes, and finished products designed by Henry Dreyfuss (1904-1972) and his firm. The Honeywell round thermostat, the Hoover "150" vacuum cleaner, and the Bell Telephone Labs (ATT) "Trimline" phone are among the enduring household objects designed by Dreyfuss, one of the first consultant industrial designers; from Mar 18 to Aug 17

**OPERA**  
Metropolitan Opera House Tel: 1-212-362-6000  
● Carmen: by Bizet. Conducted by James Levine, performed by the Metropolitan Opera. Soloists include Angela Gheorghiu, Plácido Domingo and Sergei Leiferkus; Mar 19, 22

## OTTAWA

**CONCERT**  
National Arts Centre Tel: 1-613-996-5051  
● The Glass Menagerie: by Tennessee Williams. Directed by Neil Munro and performed by the NAC English Theatre. The cast includes Shirley Douglas and Kiefer Sutherland; to Mar 22

## OXFORD

**EXHIBITION**  
Museum of Modern Art Tel: 44-1865-722733  
● In Visible Light: exhibition examining the ways in which photography has been used to measure, record and classify. The display traces the medium's early use as a scientific instrument before continuing to look at received ideas of beauty, ethnicity and the erotic. Featured artists include Karbus, Atget, Bailey, Maguelonne and Warhol; from Mar 16 to Jul 6

## PARIS

**CONCERT**  
Cité de la Musique Tel: 33-1 44 84 45 00  
● Michel Béroff: the pianist performs works by Debussy; Mar 22, 23

**EXHIBITION**  
Galerie Nationales du Grand Palais Tel: 33-1 44 13 17 17  
● Paris-Bruxelles/Bruxelles-Paris: exhibition focusing on the artistic relation and exchange between Belgium and France from 1848 to 1914. Attention is being paid to visual arts as well as decorative arts, architecture, literature and music, ranging from Realism and Impressionism to Symbolism and Art Nouveau; from Mar 21 to Jul 14  
Musée du Louvre Tel: 33-1 40 20 50 50  
● D'œuvres de goût - Chefs d'œuvre de la manufacture de Sèvres au XVIIIème siècle: exhibition featuring 18th century works from the famous French porcelain factory in Sevres, which was at the height of its success around 1750; from Mar 21 to Jun 23

## ROME

**CONCERT**  
Accademia Nazionale di Santa Cecilia Tel: 39-6-3811064  
● Orchestra dell'Accademia di Santa Cecilia: with conductor Alberto Maria Giori and soprano Edita Gruberova perform works by Donizetti; Mar 22

## SAN FRANCISCO

**EXHIBITION**  
SFMOMA - Museum of Modern Art Tel: 1-415-357-4000

● Paul Klee: Here and Beyond, The Djerassi Collection: exhibition featuring a selection of 20 works by Paul Klee from the collection of Dr Carl Djerassi, ranging from portraits to abstractions, from landscapes to figurative works. The presentation also includes works never before displayed at the Museum, such as "Negride Schönheit (Precision)" (1927), a rare depiction of Josephine Baker; to Jul 29

## STOCKHOLM

**OPERA**  
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7814300  
● Mästerkatten: conducted by Mikael Bartosch and performed by the Royal Swedish Opera. Soloists include Magnus Lindén and Peter Kjellberg (world premiere); Mar 20

## STRASBOURG

**CONCERT**  
Théâtre Municipal de Strasbourg - Opéra du Rhin Tel: 33-388 75 48 00  
● Bo Skovhus: performance by the baritone, accompanied by Helmut Deutsch. The programme includes works by Haydn, Schubert, Brahms, Lange-Wöllner, Zemlinsky and Grieg; Mar 18

## SYDNEY

**EXHIBITION**  
Museum of Contemporary Art (Inc. Power Gallery of Contemporary Art) Tel: 61-2-241-5876  
● Keith Haring: the first major retrospective of the late New York artist, featuring 50 paintings, drawings and sculptures, providing an overview of Haring's work; to Mar 30

## THESSALONIKI

**CONCERT**  
Thessaloniki Cultural Capital '97 Tel: 30-51-867860-6  
● International Days of Music: this is the 25th year in which the International Days of Music are celebrated. Among the artists appearing are Peter Nagy, Victoria de los Angeles, the Camerata of the Association of Friends of Music of Athens and the D. Patras/M. Laskopoulou Duo; from Mar 22 to Apr 18

## TOKYO

**CONCERT**  
Suntory Hall Tel: 81-3-35849999  
● L'Orchestre Symphonique de Montréal: with conductor Charles Dutoit and violinist Sarah Chang perform works by Beethoven, Sibelius and Ravel; Mar 19

## TORONTO

**EXHIBITION**  
Art Gallery of Ontario Tel: 1-416-979-8648  
● Whistler and His Circle: Etchings and Lithographs from the Collection of the Art Gallery of Ontario: exhibition featuring 45 prints by James McNeill Whistler (1834-1903) and 25 by the circle of artists surrounding him, including Walter Richard Sickert, Joseph Pennell and Clarence Gagnon. The works on display come from the Gallery's permanent collection; from Mar 19 to Jul 6

## VENICE

**EXHIBITION**  
Palazzo Grassi Tel: 39-41-5231880  
● Dalle Fiamme a Paesi Bassi: l'arte della storia dell'arte moderna: exhibition of Dutch and Belgian art of the 20th century; featuring 150 works. Artists represented include van Gogh, Ensor, Magritte, Delvaux, van Dongen, Sluyters and Appel; from Mar 16 to Jul 13

## JAZZ &amp; BLUES

Gran Teatro la Fenice Tel: 39-41-788511  
● Michel Petrucci Septet: featuring pianist Michel Petrucci. Performance at the PalaFenice; Mar 20

## VIENNA

**DANCE**  
Wiener Staatsoper Tel: 43-1-514442950  
● Wiener Abend: the Wiener Staatsoperballet perform George Balanchine's La Valse, to music by Ravel, Hans van Manen's Grosse Fuge, to music by Beethoven, and Renato Zanelli's Alles Weiss, to music by Johann Strauss, Josef Strauss and Mahler (premiere); Mar 18

## WASHINGTON

**JAZZ & BLUES**  
Terrace Theater Tel: 1-202-467 4800  
● Betty Carter: performance by the jazz singer; Mar 21

## ZURICH

**OPERA**  
Opernhaus Zürich Tel: 41-1-268 6666  
● Aida: by Verdi. Conducted by Nikolaus Harnoncourt, performed by the Oper Zürich. Soloists include Daniela Dessi, Marijana Lipovsek and Vincenzo La Scala; Mar 19

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## CHESS

Cambridge proved convincing 5½-2½ winners in the annual varsity match at the RAC in Fall Mall, the barometer of Britain's future in international play. The series is the longest-running fixture in the chess world - at the first match in 1873 Steinitz and Zukertort, the world's two best players of the time, were spectators. Wins have often come in long sequences, but the overall result remains close; Cambridge lead 50-48 with 17 draws.

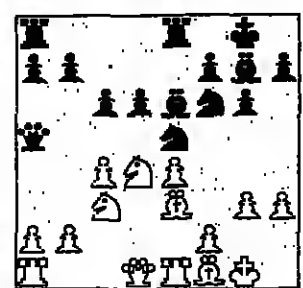
This year's standard was the best for some years and at least two players could become grandmasters: Dharshan Kumaran (Green, Oxford) is a double junior world champion with two GM norms; Jonathan Parker (Emmanuel, Cambridge) has a 2495 Fide rating.

City lawyers Watson, Farley & Williams sponsored the match where this game had a fine finish (M Devereaux v D Bassabis).

1 e4 c5 2 Nf3 Nc6 3 d4 cxd4 4 Nxd4 e5 5 Nb5 d6 6 c4 Be7 7 Nf3 a6 8 Na3 Be6 9 Bb3 Ng7 10 Qd2 Nf6 11 Rxc1 0-0 12 Ne2 Nf4 13 Bf1 Qe5 14 Nd5 Bg4 17 b4 Qxb4 18 f3

Nh3+? (Bd7?) 19 gxc3 Bxf3 20 Re1 Bxe4 21 Bg2 Bxg2 22 Qxg2 Qxc4 23 Nc3 Qd3 24 Rxc6: bxc6 25 Rd1 Qb5 26 Nf5 g6 27 Nde7+ Kh8 28 Qg5 Qc5+ 29 Kh1 f6 30 Nxe6+ Kg8 31 Qh6 Rf7 32 Qg7+! Resigns. If Rxf7 33 Nh6 mate.

No 1171  
A Karpov v P Cramling, Spanish League 1995. A rare case of an all-time great falling for an opening trap. Black threatens Bxc4, so



Karpov (White, to play) decided to acquire the bishop pair and chase the black queen by 1 Nxe6 followed by 2 a3 and 3 b4. What did the Fide world champion miss?

Solution Page 11  
Leonard Barden

## BRIDGE

Ruffing partner's ace rarely contributes to partnership harmony, but here it was cause for celebration. Even the declarer joined in, perhaps unaware that to deny the defence their triumph had been within his grasp.

♠ 5 3  
♥ A 10 6 5 3  
♦ 10 7  
♣ 9 8 4 3

W E  
♠ 4 2 ♠ 9 5  
♥ 4 ♥ K 9 8 7  
♦ Q 6 2 ♦ K 9 8 5 4  
♣ A K Q J 10 6 ♠ 7

S  
♠ A K Q J 10 7  
♥ Q J 2  
♦ A 3  
♣ 6 2

West opened 1C and, following two passes, South jumped to 2S. Whatever your usual style of overcalls, in the protective position - where most bids are weak - a jump should always be played strong. West confidently bid 3C, and South was persuaded into 3S.

West led K♠, and switched

to ♠. Dummy played low. East won with K♥ and returned a heart for West to trump. West now tried A♠, but East was wide awake and ruffed, allowing him to give West another heart ruff. This produced the fifth defensive trick, and cut declarer off from dummy's A♥, forcing him to concede a diamond trick also.

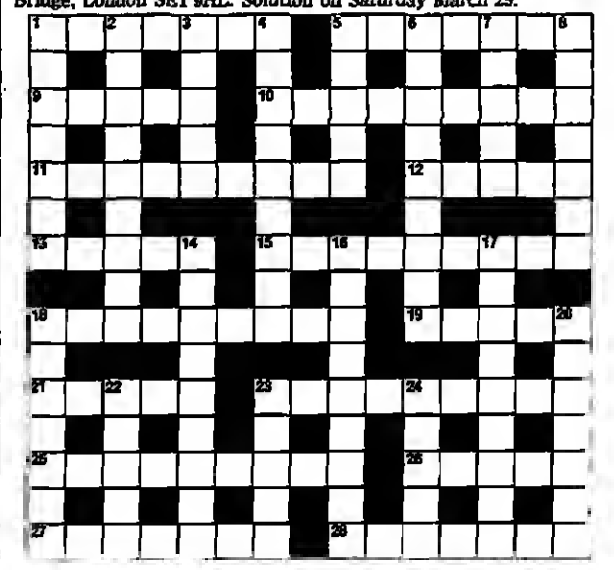
The disaster occurred when the declarer ducked West's heart switch. He argued that West's bidding surely marked him with K♥. This is reasonable thinking, but it is not deep enough. There are three other factors. First, an unexpected switch is often a singleton. Second, why would West lead away from ♠Kxx into dummy's long suit, when leading top clubs was totally safe? Finally, South needed only two heart tricks for his contract, not five. With the evidence considered, the case for rising with A♥ is compelling.

Paul Mendelson

## CROSSWORD

No. 9,325 Set by CINEPHILE

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers. Solutions by Wednesday March 26, marked Crossword 9,325 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday March 29.

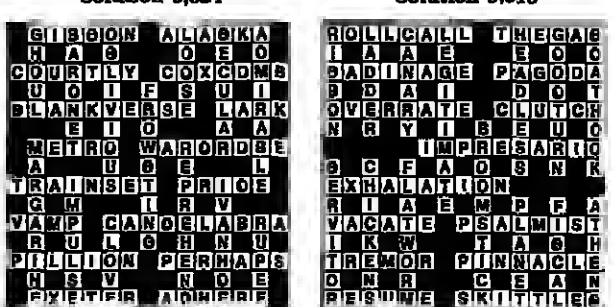


Name: \_\_\_\_\_  
Address: \_\_\_\_\_

- ACROSS**
- Party with fool breaking in to complain (7)
  - Shooting an apple on grandson's head? (7)
  - Australian resident writing for accommodation (6)
  - Church leader of the democratic period in the car (9)
  - Bond to be put in choppers (9)
  - Police for Italian lake (5)
  - Solvers start thinking of Salad Days (5)
  - Girl in tree goes to hospital (9)
  - Month in which there's a measure of heat in the shade (which is precious) (4,5)
  - American Indian died for his faith (5)
  - A silly fellow is back on his swag (6)
  - Daunted like a broomstick? (3,6)
  - Play pair - but 2 is even (3,6)
  - Feudal city in Belgium? (5)
  - Fibrous circle in pignery? (7)
  - Loose knot and pry wildly inside for a gas (7)
- DOWN**
- Wry doll made by the sophisticated? (7)
  - Opinion to jump when driftns are impassable (9)
  - The crime of beheading a priest (5)
  - Student and getter taking round in car (9)
  - American writer embracing director-general, a chubby chap (5)
  - Trim variety of corpi using old medicine (9)
  - Put under or between (5)
  - Bug striking no matter what country (7)
  - Pretentious, having soared? (4,5)
  - Herb on the menu with female instead of male European (9)
  - Change people in commercial with people at junction (9)
  - Like the god of Saul and Joseph, possibly? (7)
  - Debt-collector gone wrong to prison (7)
  - Command to dress? (5)
  - Sixties character broad in the beam? (5)
  - Amateur at home in mar-questry? (5)

Solution 9,324

Solution 9,313



WINNERS 9,313: Mrs G.D. Clark, Barry, Leeds; D.W.H. Birch, Woodcutts, Wilt; J. Harvey, Alverstoke, Hants; R. Hopkinson, Stainton, Teesside; R.M. Laidman, Fulwood, Lancs; T.J. Spencer, London N22.



## FT WEEKEND

## True Fiction

## Mischievous among the particles

Paddy Linehan sits in on a most extraordinary meeting of matter over mind

I got a tip off that it was happening - an extraordinary general meeting of little things. At first, the function of the gathering was unclear, and there was an appearance of chaos with small masses of milling factions arguing over minute matters of agenda.

There were electrons and protons, neutrons and particles, atoms and molecules. Many of the atoms were smashed, but when it came to making their point, they produced rounded arguments. In their split state, they were altogether more difficult to handle.

Report was quickly established between all of these particles and they gave each other moral support and occupied adjoining cells. Then there were corpses, brain cells, genes, DNAs and receptors, who tended to stick together.

The electrons had a huge majority and one of their members made the formal opening statement. Human beings, "multi-cells", as they were described, were the

obvious object of the common discontent that had led to the meeting.

A representative of the electrons argued that all the little bits had to settle old differences and organise themselves against the multi-cells. She cited the example of the rancorous, difficult-to-handle positrons, who would be nothing without the neutrons.

There was general agreement that the multi-cells were abusive. The living environment was decaying. Nerve endings frayed by self-inflicted stress.

Not only were foreign bodies being introduced into the human system, plastics and metals and strange new composites, but this was

happening because the multi-cells were not caring for themselves. The realisation that man-made replacements were available was making them ever more cavalier.

And it was going to get worse, much worse, a distinguished DNA warned. What about cloning? Some of their number could be in perpetual motion. A neutron oscillated with rage.

"Time was when 70 or 80 years were enough," the DNA explained. The body hits of that sheep, Dolly, had let us all down, he said. "Things could go on forever, replication after replication after replication." There was no quarrel with this case.

The DNA then turned unexpectedly on the brain cells

and blamed them for the behaviour of their receptors. They were to cahoots with the multi-cells, he boomed. There were delusions of grandeur in

There was general agreement that the multi-cells were abusive

the heads of the humans, and they had to come from somewhere. There was jeering and sniggering, but the brain cells had their

wits about them. The DNA had no concept of reality, one cell said, there was no way that humans nor their technology could be static. "Just look at the positrons over there," he said, pointing to a jockeying, sparking, heaving mass.

He was keen to shift responsibility, and also blamed the receptors for braking ranks and conveying to the humans the knowledge that the brain cells had intended to keep to themselves.

A line of receptors quickly stood, amazed at the betrayal by the brain cells, with whom they thought they had a good relationship. They had run messages faithfully, on a need-to-know basis, and had presumed that the knowledge

was for wider distribution.

I was amazed by this intermeddled debate. Naively, I presumed that there would have been more harmony in the hall, that there would be more in common. Then, suddenly, from the side benches arose a hitherto silent stranger. It was an isotope. She stood erect and waited for calm.

"Particles," she said. "We must settle our differences." The story was told of how particle abuse by the multi-cells had led to the miserable isolation of the isotope. Pariahs they were, she said. "Everyone shudders at the mere mention of the word 'radiation'."

There was a shiver as the word was uttered. She chided the positrons and neutrons for

their constant bickering. "You are pushed out on to the information superhighway and made to travel at unsafe speeds. Just think what would happen if you slowed down or if you stopped. The multi-cells would be left in the dark and, after initial tension, would be forced to relax."

She then turned to the brain cells, the DNA and the receptors, and asked: "What would happen, if when the lights went out, you withdrew your labour? What about a go-slow?" The nods of agreement suggested that she was on to something. At that moment, the brain cells became conscious of my presence and suggested that I leave, as I had already open too much.

But, on the way out, I could make out murmuring. There is something being planned for May. I could hear general agreement on the word "computer" and the brain cells were clearly very amused by one of their ideas. There is mischief in the making and it could be big.

## Arcadia

## Happy and at home in the halfway house

In suburbia one can enjoy the elemental realities and do everything by car, says Camille Paglia

After the second world war, when returning veterans married in droves and made family values their supreme principle, the United States' population rearranged itself into a strange new pattern called suburbia. This would become a culture unto itself, a new Arcadia that would spawn shopping malls and fast-food chains and become the definer of American taste to the end of the century.

Though not born in suburbia, I have spent half my life there, and it is where I feel most at home. With its open skies, green trees, and neatly trimmed lawns, it offers a satisfying compromise between the hectic, crowded, crime-ridden city and the beautiful but isolated countryside, where access is difficult, conveniences are few, and safety is not guaranteed.

My Italian ancestors were people of the village rather than of the city. My mother was born in Cocconcio, a central Italian hill town whose stone foundations betray its origins as an ancient Volcanic citadel. My father's family came from the small towns outside Naples - Benevento, Avellino, Caserta - where pre-classical Greeks once settled. From both sides, therefore, I have probably inherited a habit-loving, territorial, village mentality and a suspicion of and disdain for the chirping locusts and preening peacocks of the city, with its cut-throat days and exhaustingly hedonistic nights.

Though I teach in the city, I see it as quickly as possible and make return forays only for the necessary pleasures of restaurants, museums and theatres. I utterly fail to understand how any-

Cities are aggravating sink-holes where my car is trapped by stifling traffic and malicious stop-lights

which I exclaimed to my amused parents. We had just moved to another small town, Oxford, nestled in the lush Chenango River valley. At first we lived on the top floor of a working farmhouse, but our rural experiment soon ended when our car kept sliding off the icy dirt roads into gigantic snow drifts. This region of Central New York, where I lived until entering graduate school, is called the Snow Belt for good reason. Huge clouds come sweeping off the Great Lakes and dump their precipitation in massive amounts. Last year, for example, the winter brought 100 inches of snow to Syra-

cuse, where we moved when I was 10.

Those clouds made life difficult for adults, but they were heaven to small children. On the farm at Oxford, I would lie on my back in the meadow and just stare at the gorgeous, towering, architectural forms moving majestically by. Such opulent, fluid shapes, thunderous purple-black or brilliant white, surely help form a child's imagination. My youth in the Snow Belt has addicted me to weather, which I study and monitor as if it conveyed divine messages. When I stay too long in the city, I feel exiled from elemental realities. I must see the clouds and read their mood. And like my superstitious pagan ancestors, I uneasily scrutinise each phase of the moon.

I currently live in the borough of Nether Providence, literally at the Backside of God. Though main highways are nearby, I can contemplate a remarkable variety of living things, from soaring hawks and scampering chipmunks to exquisite flowering shrubs and very old, tall trees.

This county south of Philadelphia is on the borderline of two major, geographical growing zones, so that it is a botanist's delight. Suburbia exists in and through the automobile. Those who do not drive are virtually non-persons. Like the Italian Futurists, I love cars and hail them as symbols of modern identity. Hence I view cities as aggravating sink-holes where my car is trapped by stifling traffic and malicious stop-lights.

In the suburbs, I can do everything by car. Pulling up to drive-through windows, I order hamburgers and fried chicken, complete



banking transactions, return rented video tapes, or buy milk, juice, bread and what are rather inaccurately called English muffins.

In the suburbs, I can do everything by car. Pulling up to drive-through windows, I order hamburgers and fried chicken, complete

ing array of spices, including garlic powder, Italian red pepper flakes and Mexican hot sauce.

The bourgeois banality of suburbia is its outstanding problem. However, I believe it is the obligation of the intellectual to operate not at

the chic, hip margins but from the heart of the culture. With television and the Internet, one is connected to the universe no matter where one lives. Besides, as the classic films of Alfred Hitchcock teach us, horror can rear its fascinating head

anywhere. I had scarcely moved into this area 13 years ago when a young woman in beetle fatigues stormed into the nearby Springfield Shopping Mall with an automatic rifle and managed to kill eight people. That day, I happened to be

shopping at the Granite Run Shopping Mall several miles away. As I drove home and saw a great flurry of emergency vehicles in the Springfield Mall parking lot, I asked myself once more how anyone could say that the suburbs were boring.

## Metropolis

## Mexico's undisputed queen of garbage

When the garbage king was toppled the queen quickly assumed control of his kingdom, finds Leslie Crawford

The day she learned of her husband's violent death, Guillermina de la Torre returned to rule over the garbage dump where she had first worked and fallen in love with Rafael Gutiérrez, Mexico City's notorious garbage king.

Guillermina was in a wheelchair, having narrowly escaped an assassination attempt herself, but she had to move quickly. Gutiérrez had left 37 common law wives and 89 children, all of whom were staking claims to his multi-million dollar empire.

With the help of one of her sons, an officer in the Mexican army, she led a battalion of soldiers to the vast wasteland of Santa Catarina, an extinct volcano on the south-eastern edge of the city. Her rivals were expelled.

"I have come to complete my husband's work," she announced, and the 15,000 garbage pickers of Santa Catarina, a caste of untouchables, born on the dump and condemned to a life of scavenging, became her subjects.

Garbage is big business in Mexico City, one of the five largest rubbish producing

capitals of the world. The 12,000 tonnes of refuse which accumulate every day feed a recycling industry which is worth, by some estimates, more than \$100m a year. Because the business is untaxed and unregulated, the rich pickings to be had from other people's rubbish has spawned a carefully stratified underworld, which is often convulsed by bloody power struggles.

And Guillermina, who controls one of only two waste disposal sites in the city, is the undisputed queen of the garbage business.

She is a slender, soft-spoken woman who looks much younger than her 50 years, and Santa Catarina's *pepenadores*, or garbage pickers, worship her like a latter-day Evita. There are always toys for their children at Christmas, and presents for the wives of *pepenadores* on Mother's day. The feast of

the Virgin of Guadalupe, Mexico's patron saint, is celebrated on the dump with copious quantities of food, fireworks and tequila, and once a year, there is a weekend excursion to the seaside. Only her hard, unblinking eyes betray the steely determination with which she has fought to preserve her empire.

Three years ago, Mexico City's sanitation department tried to close down Santa Catarina on health grounds. The city had grown around the foul-smelling dump, and local residents were complaining about the vermin it attracted.

Toxic pools, seeping underground, were also threatening to contaminate the city's water supply.

"I began receiving death threats," Eduardo Castro Rivas, Mexico City's sanitation chief, recalls. "I also got photographs through the

post of my children leaving school. I got the message. I dropped the plan to close down the dump."

Santa Catarina, Castro Rivas says, is a city within a city. "Nobody enters or leaves the dump without Guillermina's consent. She makes all the rules. Her garbage pickers work for her, and for her alone."

"If anyone is caught trying to sell their pickings outside the dump, they are punished. 'I cannot afford to cross swords with her,' Castro Rivas continues. 'If she closed the dump to my trucks, what would I do with the 3,000 tonnes of rubbish that are buried there every day?'"

Guillermina is also a powerful patron of the Institutional Revolutionary party, which has governed Mexico for the past 68 years. Her *pepenadores* are often mar-

shalled to attend government rallies. They are also available for rent when the government needs to break a strike, or orchestrate a clash with political opponents. In return, the capital's authorities must be at her beck and call.

I began studying Mexico City's garbage 20 years ago, and what I found at the bottom of the heap was the mirror image of Mexico's political system," says Héctor Castillo, an academic who has published several books on the garbage industry. "Guillermina, and her husband before her, hold sway over the *pepenadores* with a mixture of nationalism, alcohol, soccer and religion. It is a perfect system of political control."

Inside Santa Catarina, the business of sifting through truck-loads of garbage is conducted with military pre-

cision. Guillermina's lieutenants manage a refuse selection plant, built by the city's municipal authorities and handed to her free of charge.

Santa Catarina's *pepenadores*, who used to scavenge in the open air, often kneel-deep in slime and filth, now do shift-work alongside conveyor belts loaded with slowly moving garbage. At the end of each shift, the pickers take their loot to be weighed and inspected. They are paid by the kilo.

Almost half of what the city throws out every day is salvageable. Rotten fruit from the capital's produce markets is sold to manufacturers of juice concentrate. Old bread and tortillas are dried for pig-feed. Bones and dead animals are sold to the rendering industry. Used cardboard and paper are bought by manufacturers of diapers and tissue paper. All

kinds of plastic are melted down by synthetic fibre plants.

Glass is recycled. Discarded garments find their way into the capital's teeming, second-hand clothes stalls. Even fish bones and the shells of clams and oysters are processed by the cosmetics industry.

"Guillermina's profit margins are astronomical," Castillo says. "She pays her *pepenadores* at the rate of 1 peso per kilo, and resells the refuse to recyclers at 5 to 10 pesos per kilo."

When Gutiérrez, her late husband, was shot by a scorned lover 10 years ago, his patrimony included luxury apartments in New York and Tokyo, condominiums in Florida, and numbered bank accounts in Switzerland. He had built a mansion with a heliport and fruit orchards overlooking the dump, and the pot-holed dirt road which

led to his home bore his name, "Boulevard Rafael Gutiérrez Moreno". Guillermina turned the bedroom in which Gutiérrez met his untimely death into a shrine. The bloodstained sheets have been left untouched, and candles flicker beneath a large portrait of the garbage king.

Guillermina's days as Mexico City's garbage queen, however, may be numbered. Santa Catarina is filling up rapidly, Castro Rivas, at the sanitation department, calculates the dump has only room for three more years of rubbish. Federal environmental authorities, less beholden to Guillermina than municipal officials, have refused permission to let her blast her way into the volcano's crater, which would extend the life of the dump.

Guillermina has detested another site in which to continue her lucrative trade, but Castro Rivas has procrastinated.

With local elections only four months away, he is leaving the final showdown with Guillermina to the capital's next administration.



